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The Nation's Business

Ontario Should Help War Tax Policies

The vigorous tactics of Ontario's Premier Hepburn in his newest controversy with Ottawa cover up a weak and increasingly indefensible position.

When Mr. Ilsley brought down his budget on April 29 he made a fair and generous offer to each province, involving abandonment for the duration of the war of corporation and income tax collections in return for a fixed payment by the Federal Government.

He also made a great number of additional proposals covering a wide range of tax and fiscal changes. One of these changes was a suggested 15% tax on payments to non-residents of Canada.

So far, Mr. Hepburn, alone of all the provincial premiers, has refused to enter initial discussions regarding wartime corporation and income tax policies. At the same time he has been bitterly and caustically critical of Ottawa because of the 15% tax on interest payments.

In a 2,000 word telegram to Prime Minister King last week, Mr. Hepburn fulminated against the iniquities, real and imagined, of the 15% tax proposal and gave this as his reason for refusal to co-operate in a reasonable plan for meeting Canada's urgent war finance needs.

Mr. King took Mr. Hepburn at his word. He offered to remove at once the supposedly offensive 15% tax proposal, on condition that Ontario agree to co-operate in regard to the major issue. Mr. Hepburn's answer was another abusive tirade. That is where the controversy stood as this issue of The Financial Post went to press.

* * *

It is unfortunate that the 15% tax controversy ever came up at this time to confuse public support of Dominion war finance. As originally proposed, the tax applied to all non-resident payments whether in U. S. or Canadian currency. As a result of protests by Ontario and by American investors, this was subsequently modified, in respect to interest, to cover only payment to non-residents in Canadian funds.

In this latter form the tax seems both just and reasonable. Whether it is an expedient tax is another matter. But it cannot be criticized on grounds of equity. It is a tax which is charged similarly by the United States. The principle has been in general use in Canadian tax legislation since 1933, and there is no record that Ontario ever protested it before. Only the amount of the tax is now changed (from 5 to 15%) in line with the greatly increased taxation of interest earnings and income of Canadian citizens.

Continued refusal of Mr. Hepburn to co-operate on the major issue of finding the most effective tax programme for prosecuting the war is inexcusable. This week Ontario's premier protested against strikes in defense industries in wartime. But is he himself not on strike against the necessary war finance policies of Ottawa? What is the difference between the two? Not only the present Victory Loan campaign, but the entire Canadian war effort is being hampered so long as the premier of Canada's largest province continues to refuse co-operation.

* * *

This is a fight which Mr. Hepburn seems willing to wage at the expense of his own taxpayers. Rather than make a tax concession to Ottawa to help out war finance, he apparently is prepared to let his own citizens pay not only the new Dominion taxes but $25 to $30 millions of continued Ontario taxes. The taxpayers of Ontario should tell Mr. Hepburn to think of them in this quarrel.

Mr. Hepburn has, on more than one occasion, been critical of Ottawa's administration of our war effort. He has done much to warn the public of the reality of the Nazi danger. He has given leadership in demanding more action by Mr. King's Government to meet that danger. But Mr. Hepburn lessens the power of his critical voice when he fights with Ottawa on a largely technical matter where he should be granting full co-operation. He is as wrong in this fight as he has been right in others. There are scarcely a handful of people in Canada who do not resent his refusal to extend co-operation in war finance.

* * *

THE FARMERS AND THE WAGE BONUS PLAN

Rural Canada is getting increasingly restive about Ottawa's industrial wage policy.

As the farmer sees it, his city cousin in the war factory is getting not only a much fatter pay envelope because of the war boom, but also insurance, by means of a wage bonus, against increased living costs. He suspects that most wage-earners, despite higher taxes and some increase in living costs, are much better off, financially, than prior to the war. That is certainly true in industries stimulated by the war. It certainly is not true in many other industries.

On the other hand, the farmer finds his own lot (very contrary to his expectations) far from a happy one. True, farm prices are now about 25% higher than they were at the beginning of the war but this is in part offset by higher prices for much of what he buys, for farm labor (if he can get any) and by reduced markets for many lines of produce. There has been special governmental assistance in wheat, bacon, butter, apples, etc., but farm price levels are still 30% below the 1926 parity. Against this, factory war workers have been virtually assured the maintenance of 1926-29 wage levels plus a wage bonus to offset any increase in living costs due to the war.

* * *

To pay too much attention to 1926 price and wage parities is dangerous and possibly misleading. It detracts from the essential point, namely the need for very real sacrifice on the part of every citizen and every group if the war is to be won and paid for. The emphasis should be on what we are prepared to **give** rather than what we are to **get** out of this struggle.

The farmer is right in showing concern about industrial wage levels, but if he follows too slavishly the 1926 parity idea someone might, with equal justice, be unkind enough to suggest restoring farm indebtedness to the 1926-29 basis.

* * *

Essentially all of us must be prepared to accept a lower standard of living in order to meet the cost of war. For the present year the estimated net "cost" is about $700 millions. This is the amount by which the cost of our war effort exceeds the estimated increase in national production.

Whatever the figure, it must be the aim of governmental policy to distribute the amount as equitably as possible among all classes and all citizens.

If the industrial worker is given insurance against sacrifice, then his share of the burden is simply passed on to others—including the farmers.

There is conflict between our wartime wage policy and our wartime finance policy, which aims to stop inflation before it starts.

Originally Ottawa's cost-of-living wage bonus was proposed as a compromise to offset the anticipated demands from war workers for higher basic wage rates. But to the extent that such a policy is used to insure industrial workers against any real sacrifice on account of the war, it is a fallacious and divisive influence in Canada's war effort.

As a matter of fact, the situation is even worse than the farmers of Canada suspect it to be. Order-in-council 7440, outlining this country's wartime labor policy, was intended to prevent an inflationary wage spiral. But if anyone thinks it has stopped wages from rising in industrial centres he is naive indeed. In war plants wages of skilled workers are continuing to climb. We shall be right in the middle of inflation within half a year if Ottawa does not wake up to what is going on.

At the Canadian Life Insurance Officers Association annual meeting in Toronto last week, officers and directors of practically every life insurance company in Canada were present.

Here is one luncheon group photographed for The Financial Post. In the group at the annual luncheon are shown, left to right, Hon. G. Howard Ferguson, president Crown Life Insurance Co., and former High Commissioner for Canada to the United Kingdom; C. W. Somers, first vice-president of the Crown Life; F. G. Osler, vice-president Manufacturers Life Insurance Co., partner in Osler & Hammond stock brokers, Toronto and president of the Canada Permanent Mortgage Corp.; L. M. McCarthy, partner in Mara & McCarthy, Toronto stock brokers, and C. S. Band, vice-president of the Gutta Percha & Rubber Ltd., the last two of whom are also directors of the Manufacturers Life.

Further Labor Unrest Renews Tension

After a comparative lull for several weeks, fresh outbreaks of labor disturbances this week renewed tension along Canada's war industrial front. They also brought intensified pressure on Ottawa, especially from employers and others concerned with an unflagging pace of war supply output, to act with some finality to abate the growing threat of labor disruption of war industries.

Increasing concern was evident among major employers of labor, notably executives of key plants producing war requirements, over the persistent union agitation of workers and the rising pressure of demands for arbitrary wage increases. Most seriously concerned were they by readiness of labor leaders to enforce demands for more pay and union recognition by calling strikes, or pressing for conciliation boards without good reason.

A stronger Government labor policy and official backing for employers equally as for labor, it is generally conceded, is essential to stem the inflationary upward spin of wages and check the potential hobbling of war industry by labor agitation. More effective curbs are necessary, it is contended, on spiralling demands for ever higher wage levels, on sudden and illegal work stoppages, and on the spate of applications for conciliation boards to probe "disputes" of dubious validity.

Rumored likely of adoption at mid-week was a strongly advanced proposal for preliminary enquiry into all alleged disputes and requests for conciliation boards. Under ex-

(Continued on page 2, col. 4)

Here is Our Supply Position On Vital War Commodities

By J. E. LANGDON
Staff Writer, The Financial Post

OTTAWA.—General rationing of supplies is not in prospect for Canadians.

Some shortages may occur, but before any attempt is made to ration essential goods, the Government has several other means which it can use to curtail civilian consumption to make goods available for war purposes.

In certain instances, notably aluminum, steps have been taken already to divert the entire production or available supply from civilian to war usage.

In other lines priority orders have caused abandonment of manufacture of non-essential goods in order to save materials for war purposes.

Expectation is that activities of the Director-General of Priorities, in combination with the different controllers, will enable the Dominion to use effectively the available supply of materials.

Little Effect on Civilians

With hardly an exception such orders as have been issued by priorities have had little or no effect on the civilian population, while business itself has not been unduly disturbed.

The establishment of priorities is the first line of "defense" in the utilization of materials.

If, as and when the supply of an essential material reaches a point where there is insufficient to go around, the available supply may be apportioned by areas and with no restriction as to usage.

Rationing is the third and last resort.

This matter has been studied and studied carefully by government agencies. This has been done simply as a matter of precaution and not as something contemplated to be put into operation in the immediate future.

Admission of heavy British shipping losses and general knowledge of uncertainty of deliveries of supplies from Empire and non-Empire countries, have given rise to speculative thought as to whether or not rationing was contemplated.

At this time Canada is well supplied with essential materials normally imported from overseas.

For Key Commodities

Here is the current situation in respect to certain key supplies for which the Dominion depends upon foreign sources:

Wool — Stocks on hand in Canada now are adequate to take care of the current year's requirements.

Sugar—Same situation applies in respect to 1940.

Tea — "Substantial" supplies already in the country, but larger stocks needed because of the length of time involved in making deliveries. In normal times deliveries take from 6 to 12 weeks; at present length of time nearly doubled. Consequently extra large stocks needed to avoid possible "shortages."

Coffee—Situation much the same as for tea.

Fruits — Imported types likely to show shortages from time to time. Special type of shipping accommodation needed for movement of these supplies and irregularity of deliveries would not be surprising.

Coal — No over-all shortage in prospect. Imports of U. K. coal are expected to be up to standard. Heavier imports from States will offset lack of shipments from the Maritimes to central Canada. Temporary shortages of some types of coke and coal are expected this coming winter, which may mean substitution of other types of fuel.

Oil—Heavy loss of British tankers has affected deliveries of crude oil to Canadian refineries. Oil controller is tightening up on installation of oil burning equipment, etc., standardization of gasoline types, etc. "Tightness" of supply is more pronounced for this item than any other. The order of the day is conservation. Restriction in the use of oil products may be extended. Construction of pipe line from Portland, Me., to Montreal would do much to ensure regularity of supplies.

Rubber—Supply on hand ample to take care of requirements for best part of a year. Irregularity of supplies features this trade, but supply could be made to last considerably longer with restriction in use of material for non-essential goods without seriously inconveniencing the public.

Silk—Big stocks have been built up by the Government. Introduction of nylon goes a long way toward overcoming any possible shortage of silk for manufacture of such articles as parachutes, etc. Nylon yarns now being imported from States; Canadian manufacture expected to start after turn of the year.

Cotton—Ample supplies available. Considerable amount of short fibre cotton imported from Brazil, but if necessary whole supply could be obtained from the States on short notice.

Steel and other essential supplies are mostly of domestic origin. Lack of ocean-going shipping has little direct effect on available supply.

As the supply situation now stands Canada's stocks of practically all es-

(Continued on page 2, col. 6)

Expect U. S. to Get Empire Preference

New Trade Deal Between London and Washington Reported to be Under Consideration — Observers Regard it as Inevitable

From Our Own Correspondent

OTTAWA. — Ottawa has heard without surprise and almost without comment the rumor from Washington that a new trade deal is being discussed between the United Kingdom and the United States. Complete revision of all existing agreements and treaties, it is said, is a natural expectation in view of the fact that

(1) War has upset all tariff arrangements;

(2) Lease-Lend shipments from the U. S. to Britain have further complicated matters;

(3) The three way trade pacts between the U. S. and the U. K. and the U. S. and Canada, negotiated in the fall of 1938, would normally expire or come up for revision next January; and

(4) Desirability as a war measure and for post war settlement, of closer economic relations between the United States and the British Empire.

To Be World Wide

It is presumed here that in any extensive negotiations Canada and the rest of the Empire would be included, just as they were in the three way pacts put into effe less than a year before the outbreak of the war.

When those historic deals were announced in November, 1938, it was intimated that they were to be the forerunner of a larger arrangement which might finally embrace all the democracies, and more especially those of the so-called sterling block of Western Europe. In any new plan, it is assumed that places will be retained for these small nations when they are again free of the Nazis.

The South American republics

(Continued on page 4, col. 4)

Renews Old Insurance Squabble

Revival of the quarter-century battle between the Dominion and Provincial Governments on insurance jurisdiction is indicated if the former persists in its intention to tax premiums paid by Canadian residents insuring with British and foreign companies operating in Canada without a Dominion license.

Attorney-General Conant of Ontario has lodged a protest with Finance Minister Ilsley asking him to submit the legislation imposing the tax to the Supreme Court of Canada to determine its validity. If Mr. Ilsley refuses to do this, Mr. Conant will seek a ruling from the Court of Appeal for Ontario. It is understood the premier of New Brunswick has also protested to Ottawa against the tax.

Amendment to Act

The legislation complained of is contained in a bill amending the Special War Revenue Act. As matters stood previously this act imposed a tax of 10% on premiums paid to British and foreign insurance companies operating in Canada without a license from the Dominion or the provinces. The amendment deletes the words relating to provincial license which makes the tax payable by all such companies operating without a Dominion license. Another section of the bill excludes from the application of the tax associations such as Lloyd's, which operates in a number of provinces under provincial license only.

With Lloyd's excluded from the application of the tax there is believed to be only one small company in Canada to which the tax would apply, a company doing business in Ontario under provincial license. This company has a premium income of about $4,600 annually and the 10% tax would bring in the Dominion $460 revenue. It is argued that the small amount of revenue involved indicates an attempt to encroach on provincial jurisdiction.

In reply to Mr. Conant's protest Mr. Ilsley states the proposal is designed to bring the Special War Revenue Act into harmony with the Dominion's insurance legislation and to prevent any evasion of the law affecting insurance companies. He denies any intention to provoke controversy. The Ontario authorities claim, however, that a tax of 10% on premiums (if, as and when operative) would be prohibitive and would

(Continued on page 2, col. 5)

Gas Rationing Is At Least Month Off

Possibility of gasoline rationing in the Atlantic states of the U. S. parallels the situation in Canada, The Financial Post is informed. If rationing is to be avoided in either country it will be because of accumulations of crude supplies for summer consumption. In the eastern United States this is already restricted by tanker transfers, British Columbia and the St. Lawrence ports may be next in line, with tankage on the Great Lakes possibly following. As yet no lack of transport facilities has been felt on the Great Lakes and the pipe lines which feed the tankers in the area.

Use of crude petroleum in Canada has risen 14.6% in the first quarter of 1941, but owing to Government policy of conserving U. S. funds, inventories on hand are understood to be rather less than normal. Had larger imports been permitted, the extra supplies would have run into a bottleneck, since no major additions to storage capacity have been made in eastern Canada, again as a result of the need for conserving foreign exchange and steel.

Trying to Catch Up

Efforts to catch up on the rising demand are currently being made.

The Financial Post is informed that tanker capacity on the lower lakes is being used to the full, with greater efficiency in loading and unloading from pipe-line termini on the south Erie shore bringing a two-hour saving in transport time. The pipe line into Sarnia is also understood to be handling its maximum.

The possibility of transferring lake tankers to ocean routes appeared closer this week as a census was taken of the tanker capacity capable of passing through the locks to Montreal and the Atlantic. Most tanker capacity, particularly on the lower lakes, is small enough.

Replacing the tanker route, mainly from Buffalo to Toronto, by a pipe line would only solve part of the problem, that of bringing crude to refinery. Movement of refined products to distribution points would still depend to a great extent on lake tanker, railway tank cars in Canada this year are lower by 500 to 600 units. This number was formerly brought in from the U. S. for the rush season on a rental basis. Today, the United States is not diverting any of its own scarce tankage to the Canadian trade. Trucking capacity in Canada is also limited.

The fact that full-dress rationing plans for Canada have not yet been drawn up indicates that rationing, although regarded officially as being a better than fifty-fifty probability,

(Continued on page 4, col. 6)

The War And Business . . *A Weekly Round-up*

No "Rake-off" on U.K. Orders

Determined to place Canada in the role of Shylock, certain critics in the United States have been asserting that this country has been taking a substantial "rake-off" on all British Government contracts placed in the Dominion. Here is one fact that bears on that allegation.

The Canadian Government has placed orders for hundreds of millions of dollars worth of war equipment in this country for Britain and there is absolutely no mark-up or other charge for acting as buying agent. Expert service has been given free and goods are being bought at the lowest possible price, in some cases, notably base metals, at prices substantially below current world market levels.

* * *

Red Tape

Canada is gradually developing a system of determining priority of objectives in war production and of seeing that first things get done first. But the confusion of boards and controllers is beyond the comprehension of the average person.

We have a Wartime Requirements Board. The first chairman thought his board was to do what its title suggested. The Minister of Munitions and Supply was ready to let it play around with reports to fill pigeon-holes. He did not want it to act. He got his way. The Wartime Requirements Board is dead but not buried.

We have many controllers—metals, oil, power, machine tools, etc. They do good work in their own fields. They work closely together when their fields overlap. But the so-called War Industries Control Board, which they are supposed to comprise, is only a name.

In Munitions and Supply there is now a Director-General of Priorities, R. C. Berkinshaw, an able Goodyear Tire executive. He works closely with the fighting services and with the controllers in an effort to break off bottlenecks and to get some order in the flow of war materials from Canadian plants.

That means there are at least three separate groups that, in fact or theory, deal with priorities of one kind or another.

The system is, no doubt, more simple in operation than it appears on paper. But it is still encumbered with the sterile remains of earlier experiments.

* * *

Plane Production

Director of Aircraft Production Ralph Bell, just back after a flying trip to England, is enthusiastic over plane production in the Old Land. "The aircraft supply position in Britain is away better than anything I ever dreamed of," he said. It is to be hoped that Mr. Bell will be able to get Canada's plane production moving more smoothly and rapidly. That it has not been doing so in the past is generally admitted, even by the most ardent supporters of the Government at Ottawa. Thus, the following from W. R. Plewman's war column in the Toronto Star this week:

"The visit to England made by Mr. Bell soon should be reflected in new energy and enterprise in Canadian plane factories. Our aviation industry is slowly getting under way. By this time next year it may be giving results of which we can be proud. A vast expansion is possible and desirable. We must remember that Italy has an aircraft industry and that Holland and many other European countries are producing planes for Hitler. If Canada sets herself the objective of producing as many planes as Italy turns out, which ought to be within our capacity, she would tackle something worth while."

* * *

Let's Face Facts

The Ottawa Journal joins that substantial block of the British press which calls for a saner appraisal of war news with less wishful thinking. The loss of Crete, it stated in a leading editorial last week, is a serious blow, just how serious is indicated by the recent statement of Mr. Churchill in the British House of Commons:

"The outcome in Crete will affect the whole course of the campaign in the Mediterranean."

Recent serious Allied reverses, states the Journal, are due to the fact that Germany was preparing for this war six years ahead of the Allies, and it adds:

"That, and that alone, explains what is happening. It will continue to explain it until the British Empire and the United States catch up with and pass Germany in equipment. Until that time, in the perilous months or perhaps years that must intervene, it is the business of all of us to realize the truth and to summon all that we have and are to meet and endure it.

"Crete will not lose the war for us. But Crete will make the war more desperate, more perilous, and longer. Not to realize that, and not to behave accordingly, is but the part of lunacy."

* * *

The Next Loan

Ottawa officials are not anticipating any difficulty in raising the current Victory Loan. They are sure that there is sufficient accumulated savings and other money readily available to more than subscribe the amount being asked. There is more concern, however, regarding future borrowing.

As outlined in The Post last week the $600 millions asked now is only about half the anticipated government borrowings this fiscal year. If present loan taps bulk of surplus savings then it is obvious that future loans must largely depend on increased savings of workers and industry from now on.

While tax jumps since the war have also been designed to tap increased earnings, it is obvious from continued luxury and semi-luxury spending that only a portion of them have been reached. As a result, it is expected that a fresh drive will be made soon from Ottawa with the two-fold object of collecting more money for the country's war effort and of diverting more factories from luxuries production to war output. In other words there is going to be even less butter and more guns.

U. S. For War

Dr. George Gallup, Director, American Institute of Public Opinion, states that his surveys show that President Roosevelt's national emergency speech last week is backed by a majority of the American people. This being so, it is natural to assume that the President's latest step, asking Congress for what will amount to practical control of all potential war production, will be likewise supported.

Latest Gallup polls indicate 62% of the American people would rather have their country enter the war against Germany than see Great Britain defeated.

Opinion as to whether or not the U.S. will be able to stay out of the war has fluctuated sharply with the news from the battlefronts. Thus when conditions were quiet a year ago last February—this was before the conquest of Norway, Belgium, Holland, France, etc.—almost two-thirds of the people thought there was no likelihood of getting in. After the collapse of France, however, almost two-thirds were sure they would. Last February 75% were convinced that the U.S. would be in the war before it was over and now, according to Dr. Gallup, 85% are so convinced.

* * *

Government in Business

Government in "business" is going on at a pace which is not generally realized by the businessman. Capital advances by the Canadian and British Governments now reach about $500 millions. About $300 millions have already been spent. The latest breakdown of plant commitments, involving around $425 millions, shows the fields in which the Government has taken a direct interest:

Shells	$46,000,000
Guns, mountings	121,000,000
Tanks, carriers, etc.	10,500,000
Aircraft	23,000,000
Automotive equipment	8,000,000
Bombs	2,200,000
Chemicals, explosives	112,000,000
Machine tools, misc.	8,000,000
Materials (unfinished)*	70,000,000
Railway equipment	24,300,000

*Includes advances to Crown companies and controllers for certain commodity purchases.

Victory Loan Selling Costs Said Under 1%

Total costs of obtaining the largest amount ever asked of the Canadian people in a public loan are expected to come close to a record for economy in public financing on this scale. Total expenses are expected to be not more than 1% of the total raised. Advertising expense, for instance, is not more than 1/10 of 1%. No official estimate of final costs is yet available, as this will depend on the amount actually raised, and full canvassing expenses cannot be estimated until the loan is closed.

Fairly definite are the national appropriations for press and other publicity, salaries of full-time organizers (which are being paid at rates in force when they were drafted for the Loan). Commission rates have also been set for general canvassing. These are slightly higher than on the last issue—half a point against three eighths for the Second War Loan. But the field for general canvassing is greatly reduced by the increase in "special names" to those buying $25,000 and up. Moreover, every house in Canada is to be covered—even isolated farm houses. The larger buyers will be canvassed by the district organizers. Cost of this canvass will thus be covered by the overhead of organization expense. Moreover, the slight increase in commission on the long-term bonds is balanced by a drop in the rate on the shorts to one quarter of a point, so that the average may not be greatly changed from the previous loan. Conceivably, if sales of short-term issues are in the majority, the rate paid to the general canvasser might be lower on the average. In many districts, these commissions for general canvassing are being pooled, so that no discrimination is possible against the canvasser working in the more difficult districts.

Total costs of the Second War Loan amounted to 0.91%, including cost of printing, stationery, advertising, the extra cost of interim certificates,

(Continued on page 2, col. 7)

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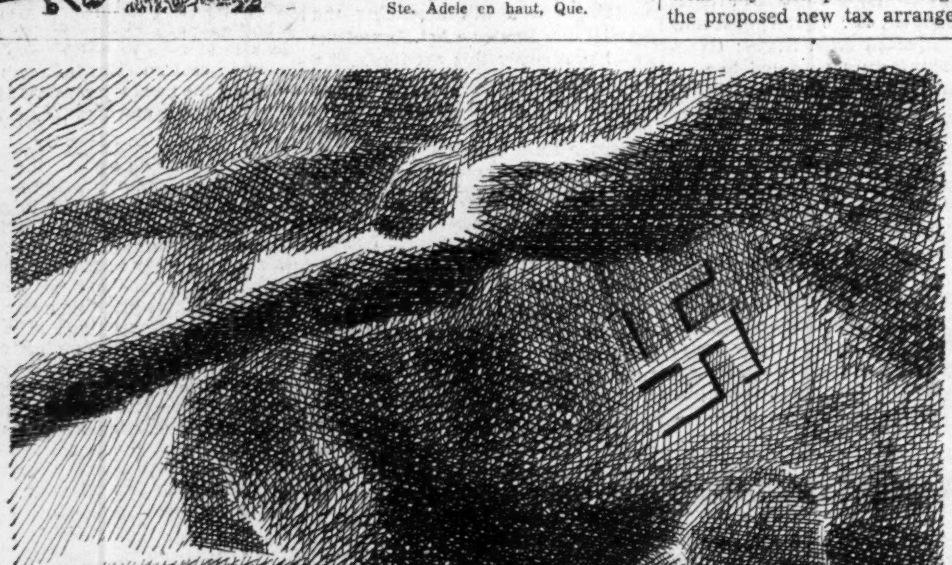

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THE ROYAL BANK OF CANADA

The King-Hepburn Tax Battle

One Thing It Does Is Cut 15% Off Profits

This article was written at midweek when Ontario was still standing firm against the Ilsley tax proposals to the province.

Levying by Premier Hepburn of $23 millions provincial corporation tax over and above present Dominion imposts would slash deeply into profit margins of all firms doing business in Ontario.

Minimum tax to be paid by firms subject to Ontario and federal levies will be 10% higher than a year ago, 45% of taxable income against 35%. From a possible 65 cents of the earnings dollar last year the best shareholders can now expect is 55 cents. Net profits will be cut up to 15.4% in the case of companies paying minimum rates in both years.

Few Exemptions

According to Ontario's last budget, over 60% of Canada's war industry operates in the province, hence will feel the weight of the Hepburn decision. Any company having an office in the province, holding assets or

transacting business in Ontario, is subject to the provincial levy, with few exceptions.

Companies exempted from the provincial tax include religious, social and co-operative societies; banks, insurance companies, railways, express telephone and telegraph companies and one or two other forms of business. As with similar Dominion Government income tax provisions, firms with head office in the province but carrying on operations entirely outside will be exempt.

Although in calculating taxable income for personal income taxes, taxes paid to the Federal Government are allowed the deduction, no such subtraction applies to the corporation levy. The Ontario tax is levied side by side with the Dominion's and results in a minimum rate of 45% for most companies, 47% for those which report on a consolidated basis, including subsidiaries with the parent company.

Ontario Holds Out

At midweek Ontario was the only province which had not entered initial discussions with Ottawa respecting Dominion-provincial corporation and income taxation. No final arrangement had been made with any one province regarding the proposed new tax arrangement.

Tentative figures have been worked out for preliminary discussions but Ottawa is apparently anxious to have the entire picture clarified before making final arrangements with any one province.

Last week Premier Hepburn linked his refusal to discuss this proposal with his objections to the 15% tax on non-resident interest payments. In a telegram to Prime Minister King he described this particular tax as a "provocative act," which left the Ontario Government "no alternative but to advise you that it (the Ontario Government) has decided to keep in its own hands the means whereby the services necessary to the well-being of the citizens may be maintained at the highest state of efficiency."

Subsequently, Mr. King offered to withdraw the proposed tax amendment on non-resident interest payments, if Ontario would co-operate in the larger matter of corporation and personal income tax.

Continued refusal by Ontario to yield these two tax sources to Ottawa for the duration of the war would require corporations and individuals in the province to pay an additional $28 millions in 1941-42. Of this total $23 millions would be paid by corporations and $3 millions by individuals. These figures are Ontario budget estimates.

Ontario Takes All?

Application of the Ontario tax to companies operating entirely within the province is relatively simple. In the case of firms with head office in Ontario, but carrying on operations throughout the Dominion, a more complicated system applies, in order to allow for taxes paid in other provinces or to foreign governments.

Such companies are required to divide net earnings proportionately among the provinces in the ratio of the income derived from the particular province, usually on the basis of sales in the area. The Ontario tax is then computed at 5% of the total income and from that amount is deducted the taxes paid or payable to the other provinces on the income originating within that province. But the amount so deducted cannot exceed 5% of the income from the province in question. In other words the company cannot deduct more than would have been paid to Ontario if all earnings had been from Ontario sources. In the event that the levy of the external province is less than that of Ontario, Ontario takes the difference.

The Quebec levy was 2½%, which meant that a company with head office in Ontario would pay 2½% of its Quebec earnings to the Quebec Government, but this being less than the Ontario rate, would also pay 2½% to the Ontario Government.

If the other provinces now withdraw their corporation income tax, the Ontario revenues will benefit by their withdrawal. Where the majority of the Dominion-wide companies with Ontario head offices formerly only paid to Ontario roughly the tax on earnings from Ontario, they will now pay 5% of all earnings in the Dominion.

In a number of cases such a condition would treble the revenues of the province from this source. One of the larger companies, for example, sells about 35% of its products in Ontario, which has received 35 to 40% of its total provincial tax payments. Its payment to Ontario last year was in the neighborhood of $80,000, might now jump over $200,000 if Ontario is the only province to retain its corporation levy.

Hardest hit are the companies which paid less than the new bottom rates last year. Any firm whose 1940 business was less than 24.24% above its standard profits paid the minimum rate of 35% last year. Under the new regulations firms earning 55.7% or less above their standard profits will come under minimum rates.

More at Minimum

Considerably more enterprises will thus be taxed at the minimum rate this year than last. Companies already at the minimum rate, which

do not experience any substantial rise in earnings, will see net profits whittled down another 15.4%. A firm in this category, unless it is able to increase its 1940 earnings, would require a margin of 18.2% above its 1940 dividend rate in order to maintain dividends in the face of the new taxation. Putting it another way, if a company paid 4/5th or more of its net profits in dividends in 1940 it would appear that it must now either cut dividends, pay out of reserves, or increase its earnings by an amount sufficient to cover the margin after paying all taxes.

This, of course, only applies to those firms which were paying at the minimum rate in 1940. Companies which came under the higher 75% rate, so that their total taxes amounted to more than the current minimum, will be unaffected. These businesses have already been paying 18 or 20% on their standard profits together with about 85% on their "excess" earnings.

Because 1940 income statements were, in many cases, prepared on the basis of estimated taxes, the actual taxation status of individual companies cannot always be deduced from the statements available. Heaviest burdens will undoubtedly be felt by industries whose prices or rate structures are difficult to adjust, including some of the public utilities and food industries. Mining companies which have reached the limit of normal growth, and other industries where expansion to meet rising costs and taxes is virtually impossible, will probably have to choose between lower dividends or dwindling working capital.

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Supply Position On Commodities

(Continued from page 1)

sential commodities are adequate to take care of needs for many months. By next October it will be possible to determine with greater accuracy if any serious shortages are likely to develop by the year end.

Shipping "Encouraging"

At the moment the shipping situation is encouraging. During April and May there was a shortage of shipping space which was not without its affect on the volume of imports to Canada.

This condition is being gradually bettered and the latest word is that considerably more shipping space will be available for imports during July and August; in fact, the space is now being booked on a firm basis.

Another encouraging factor in the supply situation is the closer working arrangements between business and the Government. In the early months of the war there was a tendency for business to "paddle its own canoe." As a consequence the supply situation across the country was "spotty" at times.

In recent months business has come to realize the importance of acting collectively to see that adequate supplies are maintained. The necessity of planning for months ahead has made for closer working arrangements with the Government.

This has been helpful as more and more of those countries upon which Canada depends for supplies adopt their own planned economy or have defense programmes under way. Where business has given the Government sufficient notification of a possible shortage developing, it has been possible for the Dominion Government to get in touch with other governments and have them modify their programme in order to meet Canada's needs for a particular commodity.

From the gold fields of the Yukon to the gypsum plants of Nova Scotia, the Bank of Montreal is co-operating with Canadian MINING, by providing its various enterprises with the efficient, specialized forms of banking service each requires.

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A120

Victory Loan Selling Costs Said Under 1%

(Continued from page 1)

(dispensed with in the Victory Loan) commissions, engraving definitive bonds, etc. Of this, publicity costs were 0.04% of the total new money raised.

Free Publicity

In the Victory Loan campaign there is more adequate publicity, lack of which caused the previous loan to drag. As with other phases of the Loan, publicity is better coordinated and should bring bigger results per dollar spent. Much publicity for the loan is being donated freely by newspapers or newspaper advertisers. The space currently being donated runs to three to seven times the amount being paid for.

An important part of the current publicity is being provided by military parades which are regarded as equivalent to route marches by the authorities and cost the Victory Loan campaign nothing. Except where bands or other types of military attraction have to be taken to other localities, the expense is nil.

Expenses of Canada's War Loans, running around the 1% mark, are less than half the cost of floating corporation security issues of the highest grade in the United States. Recent figures reported by the Securities & Exchange Commission for 1938 and 1939, show costs of 2.6% for the highest grade, 19% for the most speculative security. The higher grade issues sell at yields, and are given credit ratings, equal to that of the Dominion of Canada.

Opening a Market

If the war goes on there will be other loans, and their sale will be made easier by success in the current loan. In a sense, Canada is selling a new product, to customers not used to investing in bonds. It is generally accepted that the loan will not be a success unless large new classes of bond buyers are created from among the ranks of those who formerly purchased other types of security, or did not invest at all. These buyers, it is believed, will be purchasers of other loans. Therefore the current publicity campaign will have a continuing effect, it is thought.

Viewed in the light of creating markets for a new product, or selling securities to new, hence difficult, prospects, Victory Loan costs are regarded by merchandising authorities as amazingly low. Sales promotion efforts on a nation-wide scale often cost 10 to 20% of initial sales.

U. S. Manufacturers Raise Liner Price

From Our Own Correspondent

MONTREAL. — Leading manufacturers of kraft liner in the U. S. have announced that price will be advanced $5 a ton at July 1 to $60 a ton. The liner board is used in the manufacture of corrugated shipping containers.

The new price will probably be maintained through the last half of the year, it was stated.

DIVIDEND NOTICES

Canadian Celanese Limited

1401 McGill College Avenue, MONTREAL, P.Q., CANADA

June 2, 1941.

The Board of Directors has this day declared the following dividends: Seven per cent cumulative participating preferred stock one dollar seventy-five cents ($1.75) per share, which shall be deemed to be for the three months period from April 1, 1941 to June 30, 1941, payable June 30, 1941 to holders of record at the close of business June 16, 1941. COMMON STOCK: Twenty-five cents (25c) per share in respect of the second quarter of 1941; and, in addition, an extra dividend of twenty-five cents (25c) per share, payable June 30, 1941 to holders of record at the close of business June 16, 1941.

H. BLANCKE, Secretary.

Labor's Unrest Renews Tension

(Continued from page 1)

isting provisions of the Industrial Disputes Investigation Act, covering all war supply industries, the Minister of Labor has no option but to grant an application for a conciliation board as long as it is in order and the Act applies to the industry concerned.

The plan to be adopted, it is reported, will provide for advance enquiry prior to appointment of conciliation boards, to determine whether or not a bone fide dispute exists requiring conciliation, and whether genuine attempts have been made to settle any dispute that does exist. It is hoped this may discourage the undue use of the Disputes Act and conciliation proceedings as a weapon for disturbing industrial relations and gaining a foothold for unions.

There is little prospect at the moment, however, of any strengthening of the ban on pre-conciliation strikes in war industries so as to prohibit walkouts should the preliminary enquiries disclose no dispute. It is apparently to be left to the discretion of the Minister whether he grants a conciliation board, should the enquiry board recommend against it.

Nor do employers see any immediate hope of more rigid application of the 1926-29 wage ceiling (plus cost of living wage bonuses) provided by the Government policy set forth in order-in-council (P.C. 7440). This has proved of limited value in checking the continued upswing of wartime wages, and has done little or nothing to curb the spiralling of wages from competition between employers in a tight labor market, with workers taking full advantage of a seller's position.

In the meantime further strike outbreaks and conciliation proceedings this week reflected the increasingly truculent attitude of union organizers and workers generally, both under union influence and otherwise.

At Sydney Mines, N.S., 1,100 coal miners stopped work for the fourth time since May 16 in protest against lack of progress in negotiations between union officials and the Nova Scotia Steel & Coal Co.

At Owen Sound 76 tannery workers went on strike and then resorted to the novel procedure of resigning in a body when negotiations collapsed.

At the plant of Weldrest Hosiery Ltd. in suburban Toronto, over 200 employees went on strike in protest against alleged hiring of girl workers to replace men.

The week also saw start of proceedings of a conciliation board dealing with demands of workers in the National Steel Car Corp. aircraft plant at Malton, near Toronto, for adjustments in wages and hours. The workers are represented by the International Association of Machinists, an affiliate of the American Federation of Labor. The main plant of National Steel Car at Hamilton was recently put under Government control after the company declined to accept interim proposals of a conciliation board.

Arrangements were proceeding at midweek for a conciliation board to deal with the case of employees of Canadian Acme Screw & Gear Ltd., at Weston, Toronto suburb, who recently went on strike for several days without applying for a board.

Old Insurance Squabble Revived

(Continued from page 1)

therefore prevent a British or foreign company from doing business in Canada until it had obtained registration from the Dominion. Similar legislation, almost identical in form, was considered by the Privy Council in 1931 and was declared ultra vires the Dominion.

Reopening of this old dispute has caused widespread regret in insurance circles. For some years the provincial and Dominion departments of insurance have been co-operating smoothly, the provinces confining their efforts to regulation of contracts and matters directly affecting property and civil rights, the Dominion concerning itself more with such matters as solvency. This tax, however, is regarded as an interference with insurance contracts.

It is felt that at a time when every effort should be bent on winning the war there should be no needless controversy raised between the Dominion and the provinces.

Time to Change

The comfortable-looking gentleman at the left keeps that cool, unruffled appearance by wearing a Simpson tropical worsted. He knows it's smart to change over to Summer weight clothing, and doesn't waste any time doing it. Same with the sports enthusiasts below. They know that for both business and pleasure, light unhampering garments designed specially for the purpose, are called for.

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Simpson's

The Store For Men—Air-Cooled Second Floor

Armed Forces Protest Income Tax Rulings

What is the income tax position of men in the armed forces?

There is legislation which purported to cover such cases, but difficulties crop up in many instances involving what are widely interpreted as gross inequities causing wide dissatisfaction in the various services.

The Financial Post therefore has secured what may be regarded as an official interpretation and statement of income tax department policy which clears up many of the questionable points.

Bill 102 passed by parliament July, 1940, amending the Income War Tax Act is the main source of difficulty, especially section 9, which gives certain exemptions as follows:

(i) warrant officers, non-commissioned officers and men of the Canadian naval, military and air forces while in the active service forces, and

(ii) commissioned officers of the said forces while on active service beyond Canada, or on active service in Canada, whose duties are of such character as are required normally to be performed afloat or in aircraft.

The actual application of these exemptions in the opinion of men in the services results in much unfairness.

In the Navy

Take for instance the way the exemption works as regards naval officers:

An officer posted to a ship afloat is exempt. The ship to which he is posted may be at Quebec City or even further inland and the officer need not be on the ship. But he pays no income tax. The only proviso is that the ship to which he is posted must be a seagoing ship and not a barge or hulk, used as a temporary barracks.

Another naval officer stationed at a dockyard, say at Halifax, ashore, but anxious to go to sea and often actually going to sea but not classed as "seagoing" has to pay income tax.

The Air Force

In the air force, the rule to date has been that an officer to be exempt must fly one half the average hours flown by the individual officer in the service. It is also provided that an officer, to be entitled to exemption, does not have to fly the plane himself so long as it is service aircraft and flown in Canada. In addition, it is understood flying officers are paid $2 a day extra flying pay, whether they fly or not, in addition to any income tax exemption they may qualify for.

The provision as regards the air force leads to the question "Why should not the navy be on the same basis?" That is those who have spent so many hours at sea being exempt."

Army officers to be able to claim exemption must be overseas, that is on duty some place else than in Canada. But an officer stationed at Halifax, even if it were bombed, would not be exempt.

The ruling exempting warrant officers also is a cause for dissatisfaction.

It has been pointed out that a lieutenant paying income tax and with extra expenses as an officer will often have less to go on than a Warrant Officer who does not have to pay income tax. There is, therefore, a financial incentive for Warrant Officers, knowing this, to refuse to become an officer.

Adjustment Difficult

Admittedly completely fair adjustment is difficult. For instance it has been pointed out that many, as officers, are receiving less than they did as civilians, some much more. Some of the permanent forces who now hold higher rank and get more pay are better off than before the war.

In some quarters it has been suggested that to remove present discrepancies and causes for dissatisfaction, the income tax rulings should be amended in one of the following ways:

All pay and allowances be made exempt.

All should be taxable, whether with the rank of officers or not.

All should be taxed but extra pay given those in a combat area or on risky jobs similar to the $2 already paid to Air Force flying officers.

Some plan such as those proposed would, it is believed, wipe out the unfairness and cause for dissatisfaction that now exist.

W. E. N. BELL
Taxation & Insurance Consultant
505 Metropolitan Bldg., Toronto
AD. 5457

Production of Gold In Ontario at Peak

Sixty-four Ontario gold mines set new records of daily average production and value during the 30 days of April. Total value of bullion shipped was $10,443,488 against $10,455,128 during the 31 days of March. Average grade of ore milled during April was $10.12 against $9.83 for the previous month.

During the month the industry milled 1,031,060 tons of ore and recovered 270,889 ounces of gold and 40,331 ounces silver. Comparable figures for April, 1940, were, tons milled, 949,538; ounces gold, 255,712; ounces silver, 41,941 valued at $9,863,301.

The gold mines milled daily averages of 34,369 tons of ore and recovered therefrom 9,027 ounces gold and 1,344 ounces silver for a total value of $348,053. The previous high in daily average production was established in Nov., 1940, when the industry milled 32,892 tons of ore.

The first Avro Anson fuselage manufactured in Canada by Federal Aircraft is shown above as it came off the line in the Montreal plant of the government company. It was moved to the Canadian Car & Foundry plant for assembly with the wings, engines, instruments and fittings. There are 29 fuselages on jigs in various stages of completion. The company expects to be turning out four a week by July. But production of the completed plane will be delayed by hold-ups in supply of fittings, castings, forgings, etc., from subcontractors. At the de Havilland plant, for example, there are 135 fuselages ready for the assembly line except for fittings which are to be delivered from outside.

Ottawa Drops Flight Training Schools

R. C. A. F. Takes Over Elementary Instruction

By RONALD A. KEITH
Editor Canadian Aviation

While the United States is enlarging its civilian-operated pilot training establishments to produce aviators for the Royal Air Force, belligerent Canada evidently will be abandoning an important group of flying schools.

What use—if any—is to be made of this sizeable reservoir of aviation skill, experience and equipment is so far unknown and Government officials so far reveal little or no anxiety to swing it back into the war effort.

When the Air Training Plan was set up, there was a desperate shortage of instructors for the elementary flying training schools. Accordingly, a number of civilian-operated flying schools were given contracts to train instructors.

Starting last August, these schools have done a creditable job in exploding the serious jam in pilot training by turning out instructors rapidly and admittedly to the satisfaction of the R. C. A. F.

The contracts provided that pilots with at least 50 hours' flying experience would be sent to these instructor training establishments after joining the R. C. A. F. They were then given training up to 150 hours, followed by examination by Air Force inspectors.

Those passing all tests were graduated to Central Flying School at Trenton for an additional 30 hours training, whereupon they were sent to elementary flying schools as instructors.

Notice to Wind Up

Four commercial flying schools and four former flying clubs received government contracts last summer. Now the emergency is over. These schools have received notice to wind up their instructor training activities by the end of July.

In the Air Training Plan there are 22 elementary flying schools, each with a complement of 18 instructors. Of this total, 396, about 340 instructors were trained under the emergency scheme, the others having been obtained previously.

One school, for example, will have graduated 120 instructors from the 126 students assigned to it between Aug. 31, 1940 and July 31, 1941. Another will have turned out 85 instructors from 88 possibilities. Most of the others are operating with comparable efficiency.

The reasons for discontinuing this plan are stated by the R. C. A. F. as follows:

"It should be understood that the present plan was put into force to meet an emergency and to that extent has been successful. However, from a service standpoint, there were certain inherent defects, such as discipline, supervision, and knowledge of advanced types of aircraft, which were fully realized at the time these schools were organized.

"The main reason why this scheme is being discontinued is in view of these defects, and in the interests of producing a more competent instructor, who in turn will produce a better trained and safer pilot, which should result in a decrease in accidents in the R. C. A. F."

See Some Justification

The argument here is regarded as sound, with the possible exception of the question of discipline. The embryo instructors were required to join the Air Force before attending the schools, and thus the problem of discipline rested with the R. C. A. F.

Widespread opinion in flying circles is, however, that there is no excuse for scrapping these flying schools which have proved their ability to perform a difficult training assignment to the satisfaction of the R. C. A. F. They have trained well over 300 instructors in less than a year, and it is pointed out they could be used for elementary flying training.

One difficulty in adopting this solution is that the air training plan is not yet operating at anything like full capacity.

This is because the flow of students from the elementary schools must be restricted to the capacity of the service flying schools which, in turn, are limited by the supply of Harvards, Ansons and Cessnas, the training planes.

Until the service schools can be expanded officials say there is no advantage in piling up an oversupply of flying students who would only grow "stale" waiting for further instruction.

Advanced as perhaps the best solution to the paradox of idle training facilities and a desperate need for trained pilots is an arrangement to divert the overflow of R. A. F. student pilots from the American flying schools to Canadian airfields where a considerable number could be accommodated.

This would take up the slack in this country's elementary flying training facilities and would mean stepping up pilot production.

Evidently both elementary and service flying schools in England are to be discontinued in favor of the plan to send R. A. F. students across the Atlantic for training. It may be feasible, therefore, to transplant to Canada some of England's service flying training planes and instructors to round out the training of students graduated from extra elementary schools here.

British Pilots to Get Training in U.S.

By RONALD A. KEITH
Editor Canadian Aviation

As Canada stops using civilian flying training schools for pilot instruction, plans have been completed for the elementary flying training of 7,000 Royal Air Force students in civilian-operated Army Air Corps schools of the United States. This will be the first step in a broad plan to transfer the service training of R.A.F. pilots from the combat zone to this continent.

The first batch of 3,000 will go to six large commercial flying schools in Glendale and San Diego, Cal.; Dallas, Texas; Albany, Georgia; Miami Beach, Florida, and Tulsa, Oklahoma. It is understood that personnel and facilities for this assignment already are under contract.

Meantime, arrangements are being made to accommodate 4,000 more in similar schools, mostly in Florida and Alabama.

Is U.S. Policy

This plan represents a further development of a policy established by the U.S. Army Air Corps in 1939, when nine selected civilian pilot training schools were placed under contract to give primary instruction under Air Corps supervision.

Since then, the plan has expanded rapidly. Now there are 27 such schools giving primary instruction to Air Corps recruits.

In addition to aiding Britain, the R.A.F. training in the U.S. will enable the Air Corps to expand further its available flying facilities. It is provided that the aircraft and instructors may be taken over by the Army at any time if required.

30,000 a Year

The Air Corps has just got nicely started on a programme to train 12,000 pilots a year. That objective will be boosted to 30,000 a year toward the end of this year. The sequence of pilot training in the United States is somewhat parallel to that of the British Commonwealth Air Training Plan. The recruit gets 65 hours primary instruction in one of the civilian-operated schools. Approximately 35% are "washed out" in this stage.

The next step is basic training, 70 hours, comparable to our intermediate service flying training. The Link Trainer is used and flying instruction is given in types similar to the North American Harvard.

Advanced training, 70 hours, as in Canada, is designed to teach the pilot how to apply his flying skill to problems of combat.

Training Many Civilians

Outside of this training schedule entirely there is the vast Civilian Pilot Training Programme which had an enrolment of 40,000 and a Congressional appropriation of $37 millions last year. A new appropriation of $25 millions for the fiscal year of 1942 has just been recommended for approval in the U.S. Senate.

This C.P.T.P. involves training of civilians on low-powered, ultra-light aircraft, such as Cubs, Taylorcrafts, and Luscombes. The purpose of this government-subsidized training is to provide a huge backlog of potential military pilots as well as to stimulate non-military flying.

Of the 40,000 trained to fly light planes under this plan last year, 1,306 joined the Army Air Corps and 783 went to the U.S. Navy. The former service starts them at scratch but reports that the light-plane pilots have a smaller percentage of "washouts" than inexperienced recruits. The Navy credits them with 33 hours on their elementary training.

This information is of interest in Canada in view of proposals to use ultra-light aircraft for preliminary training of large numbers of pilots.

War Demands Swell Work Of Ontario Research Body

Heavily increased demands of war industries and government agencies for testing and research work have extended operations of the Ontario Research Foundation by as much as ten times in some phases, it is shown by the Foundation's annual report for 1940, just published.

By the middle of last year special war work had absorbed the majority of the regular staff and a larger number of new technicians, it is reported by Dr. H. B. Speakman, director of research.

Much of the testing work done in 1940 was done on fabrics and other textile materials used for war supplies, including uniform cloth, parachute harness, fabric and cords, wool linings, underwear material, whipcord, khaki gloves, silk powder bags.

The physical testing laboratory carried out six times as many tests as in 1939, chiefly to assist in aircraft production and other types of war industries. Improved facilities for heat treating of metal parts, especially small but expensive castings, were used not only for testing but for processing of material sent in by some 90 firms.

Testing of gauges used by industrial and Government inspectors required increase of the staff involved from two to 15 persons, and in December as much work was done as in the first six months of the year. Chemical testing swelled to ten times the volume of 1939, and samples received increased from six in January to 217 in December. Much leather testing was done to pave the way for revision of specifications for boots supplied to the armed forces.

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CANADIAN ASBESTOS HELPS BEAT THE "BLITZ".

A recent appeal for 10,000 pairs of asbestos gloves from the heroic firemen of bomb-blasted London has not gone unheeded. Canadian Johns-Manville employees launched a fund to help supply them . . . and already the gloves are on their way. Complete asbestos suits, too, are now being produced in quantity—woven from fibre coming in a steady stream from J-M's Canadian mine, the largest in the world.

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Investment Trends

History-making Events Ignored by Investors

War Developments and Unlimited National Emergency Edict in the U. S. Have Relatively Little Effect — Attention Switched to Victory Loan

Nothing has emphasized the static condition of stock markets more than the disinterest manifested in history-making events of the past week or two.

Any one of a number of occurrences; the shadows and high-lights of war developments; President Roosevelt's unlimited national emergency edict, or the first statement of British war aims, had important implications for security prices and dividends. But averages yielded an insignificant fraction on extremely dull trading.

The Dominion's Victory Loan has switched emphasis of investment policy to that field and equities are likely to be a neglected step-child of investment for some time.

E.P.T. and Reconstruction

How far can governments go in the "excess" profits method of taxation before the means defeats the end?

In Britain the Government levies a 100% profits tax on corporation earnings. It was imposed before Canada really got into its stride and U. K. experience may serve as a guide as to what happens when government removes almost entirely the profit factor from industry.

According to The Economist, a 100% levy defeats itself, but a smaller tax with a compulsory reserve of the difference between the two rates would be an efficient measure for war and post-war periods.

According to this periodical the present levy fails in its purpose.

"It is probable that the original intention in imposing the tax was as much to take the profit out of war as to increase revenue. Actually, in its existing form, it tends to make a maximum war effort of no present advantage and a grave threat to the future of some of the firms concerned. This threat applies to the whole livelihood of their employees as well as to the income of shareholders, not a few of whom are industrial workers."

* * *

Cuts Industrial Efficiency

Removal of the profit incentive robs industry of its highest efficiency, this British periodical concludes. Despite patriotism and the spirit of self-preservation, the lack of profit motive results in laxity in keeping costs down. Government is interested in preservation of efficiency because virtually all British industrial capacity is now directly or indirectly devoted to government requirements. That means higher prices for supplies and less profits to tax.

Were the profit incentive to be restored to a limited extent by lowering the levy somewhat, efficiency would be improved and the Government pay less for materials and manufactures.

* * *

Reconstruction Vital Need

One of the most important aspects of the tax is the effect that it will have on post-war reconstruction. The ability of industry to rebuild and readjust itself is vitally affected by the levy.

The tax, along with inflationary finance threatens to leave large sections of British industry outdated, worn out, and without funds to make good the deficiencies. Depletion of working capital is inevitable unless the company had a favorable basic period for the tax or dividend rates are drastically cut or eliminated.

* * *

Scares Government Aid

Rapid re-establishment of export trade is essential for return to peacetime normalcy and the enervating effect of the tax makes speedy rehabilitation decidedly uncertain, it claims.

With funds lacking, reserves depleted, machinery worn out and outdated by war the only alternative left to rehabilitate industry is government aid. And The Economist regards the rigidity of government machinery inadequate for the high degree of initiative and boldness required for the task.

It is emphasized no plea is made to permit industry to accumulate huge reserves, but a suggestion that sufficient liquid resources be left to industry to restore capital to pre-war levels.

As a solution The Economist suggests reduction in the profits tax to 85% or 80%—the difference between present and new rate to be blocked for use after the war, or until permission to spend the money has been received.

It should be noted that the 100% excess profits tax in England is really less onerous than the 75% tax in Canada, because of the basis of application.

* * *

Sees Trading Stimulated

Greenshields & Co. in its investment letter makes the prediction that the Victory Loan campaign will quicken interest in security investments. Rather than exhaust investment resources, the campaign is expected by this company to create a broader and more active market for both stocks and bonds.

The emphasis drawn by the loan campaign on the importance of saving will of itself create a broader interest in securities, it is reasoned.

A successful flotation should revive confidence, which has been notably lacking in recent dull markets.

Keeping Posted . .

By JOHN C. KIRKWOOD

Maclean's Magazine is doing a fine service in making better known the men in posts of power or honor. In the course of the years it has published numerous sketches of distinguished men connected with business, government, education, and so on.

One article of this type appears in the June 1 issue of Maclean's under the title, "Manitoba's Bracken." It is written by Grant Dexter, who knows John Bracken, Manitoba's premier, very well. Mr. Bracken is called "Manitoba's perennial premier," for he has held his high office 19 consecutive years, and is, therefore, the senior premier in the British Commonwealth.

John Bracken is wayward, restless, but fully realistic, says Mr. Dexter. He is a man with a mission—a national mission. He is a crusader. If he succeeds in his crusade, he will stand high on anybody's list of the Makers of Canada.

* * *

Hotel School

Quebec province attracts many thousands of tourists from both central and western Canada and the United States, not alone because of its French atmosphere and institutions, but also because of its scenic appeal. To these magnets is being added better hotel service.

To improve the hotel service of Quebec there was given recently a study course promoted by the provincial hotels service, at "Le Manoir," Riviere-du-Loup. The course was taken by 60 students. Lectures were given on cookery, the purchase and conservation of meats, menus, etc. There were classes on housekeeping, hotel accounting, reception of customers.

It is planned to develop such courses in other parts of the province. An account of the course given at Riviere-du-Loup is given in the May issue of Canadian Hotel Review.

* * *

Plastics for Sports

Anglers probably use more plastic material than any other class of sportsmen. Their reels, fly boxes, fish lures and the ferrules of their rods are likely to be of plastic. The rod handle may also be plastic. Hooks may be held with a nylon leader.

Then there is the baseball player. His cap is likely to be lined with plastic to protect him from a "bean ball." The golfer's sticks use plastic. Plastic is used in the making of gun stocks, and also in the handles of tennis, squash and badminton racquets. Motor boats use plastic windshields and sailboats are skylighted with a plastic material. Ping-pong balls, the frames of sun-glasses, playing cards, poker chips and dice are being fabricated from plastic.

Painting Pools

Public and private swimming pools are increasing in number in Canada, and their building presents a variety of technical problems, one of which is their painting. Paint is both decorative and preservative, and is used to offset glare. It seals concrete against moisture absorption, as well as checking surface dusting and crumbling. Pool painting calls for special paints. Municipalities, schools, clubs and private persons about to construct a swimming pool will find help in the article on the painting of swimming pools in the May issue of Canadian Paint and Varnish Magazine.

* * *

Aid to Victory

"The other day," says an English friend's letter to me, "I sat at a well-attended meeting of a public company in which I am interested. The chairman apologized for the delay of a fortnight in presenting the accounts, due to shortage of office staff. This meant that dividends were brought into the new tax year and that 10 shillings in the pound would be deducted from them instead of 8/6 if paid 10 days earlier. The loss of 1/6 on every pound of stock held would in prewar days have brought a storm of protest, but the only remark I heard was: 'If it will help the Government to win the war, they are welcome to it.' "

* * *

Low Cost of Touring

The estimated cost for a two-weeks Canadian motor trip for four persons is $193.60, or a cost per day per person of $3.46—a very moderate amount. The costs cover driving expenses, living expenses and sundries, such as laundry, films, amusements, sightseeing. This estimate of costs covers a vacation spent in any part of Canada. In the June issue of Chatelaine, Lillian Millar writes about "that all Canadian motor trip" which so many Canadians are planning to take this summer.

* * *

Sarnia Story

When the Prince of Wales, later King Edward VII, visited Sarnia in 1860, that place was just a village, surrounded by Indians. Today it is a lake port, oil depot, tourist gateway and important railway and industrial centre, with a population of 18,500—and no picturesque Indians such as greeted the Prince of Wales. Sarnia has at least one "biggest"—it has the largest oil refinery in the British Empire. Maclean's, June 1, has a Sarnia story by the Maclean analyst of Canadian cities, Frederick Edwards.

Dom. Textile Looking For Record Year

Shrinkage in Gross Earnings Forecast — 1940-41 Output at All-time High

From Our Own Correspondent

MONTREAL.—The current fiscal year, of which two months have passed, promises to repeat if not exceed last year's record production, G. B. Gordon, president, states in the annual report of Dominion Textile Co.

Advancing prices of raw materials and higher charges in every phase of manufacturing and distribution, only partly absorbed so far by increased selling prices, will tend to lower gross earnings in the current year, Mr. Gordon states.

G. BLAIR GORDON

The company surpassed all production records in 1940-41 due to the impetus of war. Basic production of yarns and cloth in the grey mills amounted to 73.7 million lb. Over 100 million yards of cloth were processed in the converting plant. A substantial part of manufacture was either directly or indirectly for military purposes.

The company collaborated with the Department of Munitions and Supply and the Department of National Research in developing and producing yarns and fabrics for the armed forces.

Buys From U. S. Mills

The company has also been supplementing its own production of basic grey production by purchase of considerable yardage from United States mills. The report states that these purchasing services have been given without charge.

Sales to the Government have yielded a small margin of profit.

Raw cotton prices have been fairly stable until recent weeks when a sharp rise occurred. Landed cost of cotton from all non-Empire sources was increased 10% last June by the War Exchange Conservation Act. Tariffs on British cotton goods were removed entirely last December. Recently an order-in-council was passed authorizing acceptance of invoice values on British goods for duty purposes, regardless of cost and fair market value in the country of origin.

Sell Verdun Property

Capital expenditures of $1.8 million were made by the company during the year. Rehabilitation of St. Anns Yarn Mills was completed in October last year and has been in production since. The company's Verdun, Que., property was sold to the Dominion Government at $675,000. This plant was purchased during the last war for $800,000 and $425,000 was subsequently spent on the plant. A special write-off was made when it was closed down six years ago.

The year was free of serious labor trouble and employees drew full-time earnings augmented by premium rates for overtime, Mr. Gordon states.

Since the end of the fiscal year a cost-of-living wage supplement plan has been placed in effect. Continued throughout the year on the present scale it will involve $500,000 in wage payments and may call for more if there is an increase in the cost of living beyond present levels.

Market Opinions

Although few analysts are willing to predict near-term improvement, majority deem present values as low as can be expected.

Magazine of Wall Street, New York: We see no imminent risk of missing the boat by deferring all commitments aimed at market appreciation. We believe investors primarily concerned with income returns should maintain a comfortable liquidity to the extent compatible with individual circumstances. If the new commitments for income returns are necessary or desired, we believe the major portion of funds utilized should be invested in carefully selected bonds and preferred stock.

* * *

Barron's, New York (The Trader): It is the widespread belief in the impossibility of industry or of individuals to make money under a war economy that is at the bottom of the unparalleled liquidity that today exists in the stock market. Eight years of New Deal plus the prospect of wartime regimentation of industry have produced a pessimistic mob psychology which is the very antithesis of the rampant optimism of 1929. . . . Until governmental policies demonstrate conclusively the futility of attempting to employ capital, investment logic must dictate the employment of funds in the most appealing medium of the moment, common stocks.

Investment Notes

International Nickel: Securities & Exchange Commission report for March shows Thomas Morrison of Pittsburgh, director, disposed of 100 shares of International Nickel by gift.

Nordon Corporation: Thomas H. Work, president, increased his holdings by 5,500 shares in March, bringing his total to 20,600 shares. G. B. Knox, a new director, holds 160 shares, according to the S. E. C. report.

Newfoundland Gets Big Portugal Order

The Newfoundland Fisheries Board has received confirmation of a sale of 100,000 qtls. of the current season's fish to Portugal for shipment in June, July and August. Prices are $11.25 a qtl. for extra large, $10.50 a qtl. for large and medium, and $10.10 a qtl. for small in United States funds f.o.b.

Expect U. S. to Get Empire Preferences

(Continued from page 1)

were mentioned as candidates and it is again assumed that these may be included in any new arrangements.

War Upsets Tariffs

War and geography have sadly upset all existing tariff schedules. From the beginning of hostilities Canada's tariff wall against the United States has been hoisted a good 10% by reason of the exchange premium on U. S. funds. From almost the beginning of the war there has been a further restriction of 10% through the War Exchange Tax and, still more recently, absolute restriction or rigid quotas against certain luxury and semi-luxury goods. That is one example of the effect of war and similar cases could be quoted from almost every other country — certainly all that figured in the Washington negotiations of 1938.

Geography Plays Part

Geography combined with war has also played a vital part. Take Australia and Argentine for examples. Both these countries, in normal times are serious competitors with Canada for the British wheat market. Today because the haul from Canada is very much shorter and ships are so scarce and vulnerable to attack, Canadian grain gets the preference. Indeed, practically no Australian grain has been shipped to Britain in the last year and even producers of more concentrated food products in that country are suffering for lack of markets.

Lease-Lend Factor

Another tariff upsetting factor has been U. S. Lease-Lend to Britain. Back before the war, Empire preferences and the special trade deals with the U. S., recognized some very fine distinctions between what each country would export. Canadian food producers, for instance, were carefully protected. Our cheese, our bacon and our canned goods enjoyed a preferred position. Now all sorts of American food is going to Britain and quantities will increase as the United States Government makes available more boats and more ocean protection.

Empire Preference

It is no secret that the United States has always regarded with disfavor the special Empire preferences between the Mother Country and the Dominions. A good deal of this preference was broken down in the three way trade pacts of 1938 but something remained through various devices in regard to lumber, pork products, fruits and tobacco. In any new plan, first step it is believed would be to sweep away all remaining preferences with the United States coming into the scheme on virtually the same trading basis as any of the Dominions.

Think Gasoline Rationing Is at Least Month Away

(Continued from page 1)

is not likely within the next month or so.

There is a possibility that rationing would be introduced gradually, by means of "gasolineless Sundays," or the restriction of week-day driving to an hour in the evening and one in the morning as reported recently by The Financial Post. But if supplies to Canada were cut as much as 25% all "pleasure" driving would probably be prohibited. At present, this driving accounts for about 40% of passenger auto mileage, but with military and war industry consumption rising, it is probable that these essential uses will shortly account for 75% of the total amount of gasoline now being used.

Some system similar to that in use in Australia is ahead of Canadians if tanker sinkings on the Atlantic are not reduced.

4,000 Miles in Australia

Basic allowance to Australian passenger car drivers is sufficient gas, issued on a monthly basis, to permit the owner to drive 4,000 miles annually. The amount issued depends on the engine capacity of the car, ranges from 10 to 23 gallons for those permitted the 4,000 miles. Six categories of passenger car are listed, depending on the degree to which the car is used for business purposes, and the mileage run up in 1939. Maximum allowed is 90 gallons monthly for largest cars used by commercial travellers in the country. This is calculated on a maximum 15,000 miles annually, roughly 2,000 miles more than travelled by the average Canadian urban driver.

The Australian plan allows numerous exemptions, to doctors, incapacitated persons unable to use other forms of transportation, ambulances, fire brigades, and, of course, war workers, military or industrial. Exceptions are limited to occupational use. For pleasure and other uses, the schedule rationing system applies.

Began at 2,000

The Australian plan went into effect last July, on a basis of 2,000 miles annually. Found to be too drastic, the basic mileage was raised to 4,000 at the beginning of October. In the first three months of operation, gasoline consumption was lowered 30%.

If possible formal rationing on the Australian pattern, which is similar to the English method but less subject to momentary changes, will be avoided in Canada. Rationing in Canada, if any, will probably be temporary, awaiting completion of tankers and pipe lines which will render a permanent system unnecessary. The setting up of a complete rationing system would involve tremendous expense and a large personnel only justified by a lasting emergency.

The Minister of Finance of the Dominion of Canada offers for public subscription

$600,000,000

VICTORY LOAN

1941

Dated and bearing interest from 15th June 1941, and offered in two maturities, the choice of which is optional with the subscriber, as follows:

Ten-year	Five and one-half year
3% BONDS, DUE 15th JUNE 1951	2% BONDS, DUE 15th DECEMBER 1946
PAYABLE AT MATURITY AT 101%	PAYABLE AT MATURITY AT 100%
Callable at 101% in or after 1950	Non-callable to maturity
Interest payable 15th June and December	Interest payable 15th June and December
Denominations, $50, $100, $500, $1,000, $5,000, $25,000	Denominations, $1,000, $5,000, $25,000
ISSUE PRICE: 100%, yielding 3.09% to maturity	ISSUE PRICE: 99%, yielding 2.19% to maturity

Principal and interest will be payable in lawful money of Canada; the principal at any agency of the Bank of Canada and the interest semi-annually, without charge, at any branch in Canada of any Chartered Bank.

Bonds may be registered as to principal or as to principal and interest.

CASH SUBSCRIPTIONS

Cash subscriptions for either or both maturities of the loan may be paid in full at the time of application at the issue price in each case *without* accrued interest. Bearer bonds with coupons will be available for prompt delivery. Cash subscriptions may also be made payable by instalments, plus accrued interest, as follows—

10% on application; 15% on 15th July 1941; 15% on 15th August 1941;
20% on 15th September 1941; 20% on 15th October 1941;
20.71% on the 3% bonds OR 19.52% on the 2% bonds, on 15th November 1941.

The last payment on 15th November 1941, covers the final payment of principal, plus .71 of 1% in the case of the 3% bonds and .52 of 1% in the case of the 2% bonds representing accrued interest from 15th June 1941, to the due dates of the respective instalments.

CONVERSION SUBSCRIPTIONS

Holders of Dominion of Canada 5% National Service Loan Bonds due 15th November 1941, may, for the period during which the subscription lists are open, tender their bonds *with final coupon attached,* in lieu of cash, on subscriptions for a like or greater par value of bonds of one or both maturities of this loan. The surrender value of the National Service Loan 5% Bonds will be 102.15% of their par value, inclusive of accrued interest; the resulting adjustment to be paid in cash.

THE MINISTER OF FINANCE RESERVES THE RIGHT TO ACCEPT OR TO ALLOT THE WHOLE OR ANY PART OF THE AMOUNT OF THIS LOAN SUBSCRIBED FOR CASH FOR EITHER OR BOTH MATURITIES IF TOTAL SUBSCRIPTIONS ARE IN EXCESS OF $600,000,000.

THE PROCEEDS OF THIS LOAN WILL BE USED BY THE GOVERNMENT TO FINANCE EXPENDITURES FOR WAR PURPOSES.

SUBSCRIPTIONS MAY BE MADE THROUGH ANY OFFICIAL REPRESENTATIVE, ANY VICTORY LOAN COMMITTEE OR MEMBER THEREOF, ANY BRANCH IN CANADA OF ANY CHARTERED BANK, OR ANY AUTHORIZED SAVINGS BANK, TRUST OR LOAN COMPANY, FROM WHOM MAY BE OBTAINED APPLICATION FORMS AND COPIES OF THE OFFICIAL PROSPECTUS CONTAINING COMPLETE DETAILS OF THE LOAN.

THE LISTS WILL OPEN ON 2ND JUNE 1941, AND WILL CLOSE NOT LATER THAN 21ST JUNE 1941, WITH OR WITHOUT NOTICE, AT THE DISCRETION OF THE MINISTER OF FINANCE.

Department of Finance,
Ottawa, 31st May 1941.

Bond Markets

Which Victory Bonds Longs or Shorts?

Sees Little to Choose Between the Two Maturities — Both Fill Need and Thereby Aid Saleability

When it was announced that the Victory Loan 1941 would be of two maturities, the question was immediately raised as to which would sell the more readily, the "longs" or the "shorts."

Some investment men, remembering the relative ease with which short terms have been disposed of recently, were of the opinion that the same would happen with the Victory Loan. The question cannot be fully answered until the Loan closes, but the full details of the offering appear to have removed much of the basis for earlier questioning.

In the first place, the long-term part of the issue is short enough to promise that price fluctuations will be kept within reason. It is a shorter term than either of its predecessors, if final maturity be taken as the standard. It is only four and one-half years longer than the "shorts."

Then there is the advantage of 90 cents in yield, part of which takes the form of capital appreciation, and hence would not enter into ordinary income taxes. This one point of capital appreciation puts the longs on nearly as good a footing as the "shorts," although the one point to be gained by the holder of short terms is four and one-half years closer, and is larger proportionately on the initial purchase price of 99.

There does not appear to be much of a margin in favor of the shorts as far as the ordinary investor is concerned, and the restriction of purchases to a maximum of $1,000 would appear to make excessive short-term purchases highly unlikely.

* * *

Better in Canada

Comparison of the Canadian with the picture of war financing in Britain shows that the small investor in Canada gets a rather more favorable deal than the Britisher.

In Britain the 3% bonds due 1955-65, possibly a 24-year bond, are being sold at par. The Canadian investor who buys in small quantities or for long term gets 3.09% on a ten-year bond.

On shorter term investments the Briton can buy his Government's 2½% seven-year bonds at par, a yield 31 cents higher than that obtained by Canadians on the new shorts. Comparison of values between these two issues is difficult owing to the difference in term, but the majority of qualified opinion appears to be that the Briton is slightly favored.

In any event, early reports from the Canadian loan front are to the effect that the dual maturity fills a gap that has increased the saleability of the present offering. In both longs and shorts the Victory Loan is reported to be meeting with a reception that fully justifies the streamlined organization and improved publicity. Opinion among canvassers appears general that the Victory Loan has been launched in a way to bring home individual responsibilities.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad. 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

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$18,900. Here is an architectural gem of unusual interior design! Practically new, situated in beautiful Bayview just north of the Post Road. Spacious lawns to full depth of the property and fruit trees, one hundred by three hundred feet. Five exceptionally pleasant bedrooms with two tiled bathrooms and washroom, fully panelled library. Air conditioned with oil furnace, insulated, brass piping, screens, storm windows and many other expensive extras. Two car heated garage; low taxes and operating cost. Owner's home. Immaculate condition. Shown by appointment.

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(Incorporated by Royal Charter 1727)
Total Assets ..... $429,679,150 ($5 to £1)
Associated Bank:
Williams Deacon's Bank Ltd.

Envelopes for every purpose
Barber-Ellis of Canada, Limited
TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

Union Gas Co. Imperial Oil Close Deal

Sarnia Refinery to Provide Additional Gas For War Industries, Etc.

Contract entered into between Union Gas Co. of Canada and Imperial Oil Ltd. will provide the gas company with an additional source of supply amounting to two billion cubic feet of gas annually, equal to roughly 30% of present output. Union Gas will take still-gas of high heating content from the Imperial refinery at Sarnia, where it has been used in firing stills, reform it and clean it for use in regular Union Gas outlets. Cost of the gas supplied by Imperial will vary with the cost of substitute still-firing fuels.

Present step has been taken to ensure adequate gas pressures for mounting wartime industrial uses. More efficient utilization of the refinery by-product is made possible and little new expenditure for gas pipe lines will result as the company has on hand supplies of unused piping.

Arrangement with Imperial Oil will be important in maintaining pressure on the lines of the company throughout the winter, as well as supplementing the natural gas supply in the area. The company's reserves of gas are believed to be adequate for all expected demands in normal times, but the abnormal demands for war purposes and the importance of maintaining uninterrupted service, tend to lower pressure toward the end of winter, without indicating any appreciable shortage in reserves. Gas from the refinery will assist in maintaining reserves as well as being available through the system whenever and wherever needed, with the surplus in off seasons going into underground storage in certain gas wells in the Dawn field.

Effect of the arrangement on the earnings of Union Gas can hardly be forecast at this time. There are, it is stated, too many unpredictable factors, including taxes and cost of crude oil on the one hand, and possible upward adjustments in selling prices for gas for industrial purposes, on the other. The long-term effect may be considered advantageous to the gas company, however. The principal immediate benefit, it is suggested, is assuring that customers will be supplied.

The arrangement does not alter company policy of developing new natural gas wells. A total of $414,000 was spent in this work in 1940 and it is understood that $400,000 has been authorized for the current year. Last year 33 producers were brought in, 13 in the Malahide field, six in Chatham township.

A new plant at Sarnia will be required for processing and purifying. In view of the difficulty of procuring new plant materials, it is not expected the new supply will be available to Union Gas customers before the spring, 1942. Cost around $900,000 will be financed out of the gas company's cash reserves.

Company Reports

T. G. Bright & Co.

Despite rising material and labor costs, T. G. Bright & Co., Stamford wine firm, was able to add $256,000 to working capital in the year ending March 31, 1941. More efficient production methods tended to counteract higher labor costs, but sugar costs have risen from $4.20 per 100 lb. to $6.45. Of the increase, $2 is accounted for by taxes.

Finer types of wines, using grapes from imported vines, have been the subject of experiment for a number of years. Demand for these wines has shown marked improvement in the past year, indicating increasing public awareness of the quality of Canadian wines, according to president H. C. Hatch. Exports to the West Indies also increased, although limited by import restrictions.

Considerable sums were spent on fixed assets at Niagara, total for the year being over $106,000. Bank advances were reduced $211,000 in the period, leaving a balance of $156,100.

Consol. Income and Surplus Account
Years Ended March 31

	1941 $	1940 $
Operating profit	335,224	286,603
Less: Depreciation ...	72,678	64,377
Income taxes	128,700	68,348
Net profit	133,846	153,878
Less: Pref. divds.	44,995	45,633
Common divds.	30,000	30,000
Surplus for year	58,851	78,245
Add: Prev. surplus ..	384,417	306,172
Investment profit ..	58,882	......
Less: Prior yr. taxes .	9,399	......
	492,751	384,417
Earnings per Share:		
Preferred: Earned ..	$17.96	$20.37
Paid	6.00	6.00
Common: Earned ..	0.89	1.08
Paid	0.30	0.30
Working Capital	$	$
Current assets	1,334,760	1,243,079
Current liabilities	367,762	532,502
Working capital	966,998	710,577

Dom. Textile

With production at record levels Dominion Textile Co. reports trading profit of $8 millions, in 1940-41, compared with $4.6 millions in the year ended March 31, 1940. After increase in depreciation from $1.7 million to $2 millions, and a rise in income and profits taxes from $831,899 to $4.2 millions, net profit amounted to $2,034,146, compared with $2,214,070. In calculating "excess" profits tax for 1941 allowance for reserve against future depreciation of inventory values was made.

Net profit was equal to earnings on the common stock of $7.03 and $7.70, respectively.

Working capital at March 31, 1941, totalled $9.5 millions, an increase of $819,171 over the preceding year. G. B. Gordon, president, explains in the annual report that $1 million on account of income tax was paid in advance although not due until July 31. This accounts for the fact tax liability is shown in the balance sheet at $3.5 millions, while appropriation for this purpose totalled $4.2 millions in the income account.

Funded debt was reduced during the year by $100,000 to $4.3 millions.

Income and Surplus Account
Years Ended March 31

	1941 $	1940 $
Trading profit	7,975,768	4,630,283
Add: Other inc.	522,942	461,229
	8,498,710	5,091,512
Less: Directors' fees..	12,370	14,867
Legal fees	21,562	23,029
Officers salaries ...	76,275	75,642
Depreciation	2,000,000	1,748,704
Bond interest	148,396	168,444
Bond disct., etc. ..	13,505	14,857
Inc. & profits tax* .	4,192,456	831,899
Net profit	2,034,146	2,214,070
Less: Pref. divds.	135,842	135,842
Common divds.	1,350,000	1,350,000
Surplus for year	548,304	728,228
Add: Prev. surplus ..	5,122,399	4,905,192
Less: Addit. 1940 taxes	504,631	......
Bond prem. & disct. w/o	......	261,021
Pension reserve	......	250,000
Surplus forward	5,166,071	5,122,399

*Including allowance made for reserve against future depreciation in inventory values.

Working Capital

	1941	1940
Current assets	15,387,457	11,499,098
Current liabilities	5,059,239	1,990,051
Working capital	10,328,218	9,509,047
Balance Sheet Changes		
Cash	656,536	232,627
Inventories	5,546,133	4,849,479
Securities	5,400,332	2,695,688
Fixed assets	31,291,554	30,861,472
Depreciation	15,725,078	14,415,437
	15,566,476	16,446,035
Accts. payable	731,317	389,623
Funded debt	4,300,000	4,400,000

Wabasso Cottons

Wabasso Cottons Co. reports operating profit of $2.2 millions in the year ended May 3, compared with $1.7 million in the year ended April 27, 1940.

An increase of nearly 150% in taxation, reduced net profit to $568,216, compared with $576,862. This was equal to earnings on the common stock of $8.13 and $8.25 a share, respectively.

Working capital position was well maintained. Cash increased from $288,430 to $480,035. Government bonds declined from $1,033,517 to $829,829, while accounts receivable increased from $624,164 to $937,931. Inventories rose from $963,765 to $1.5 million.

Funded debt was reduced by $175,000 during the year, and amounted to $2,050,000 at May 3, 1941.

C. R. Whitehead, president, states in the annual report that net capital additions of $590,172 were made during the year, including the cost of a new boiler house and two high pressure steam generators.

Income and Surplus Account
Years Ended

	May 3 1941 $	Apr. 27 1940 $
Operating profit	2,215,524	1,719,547
Add: Invest. inc.	42,688	17,823
	2,258,212	1,737,370
Less: Depreciation ...	474,952	490,116
Bond interest	100,638	104,722
Directors' fees	6,920	6,380
Legal fees	1,661	3,914
Exec. salaries	38,003	37,030
Inc. tax res.	1,067,822	438,346
Invest. res.	......	80,000
Net profit	568,216	576,862
Less: Dividends	139,806	96,466
Surplus for year	428,210	480,396
Add: Prev. surplus ..	1,357,118	876,722
Surplus forward	1,785,528	1,357,118
Working Capital		
Current assets	3,768,049	2,909,876
Current liabilities	1,898,102	1,003,519
Working capital	1,869,947	1,906,357

International Paper

International Paper & Power Co. and subsidiaries report net profit of $3.5 millions in the three months ended March 31, after all income and profits taxes, and an additional provision of $500,000 for income taxes. Net was $3 millions in the same quarter last year.

Net is equal to $1.31 a share on the common stock outstanding, against 99 cents, computed after dividends on the 5% preferred. At March 31 arrears on preferred amounted to $10 a share.

Cons. Profit and Loss Account
Three Months Ended March 31

	1941 $	1940 $
Gross income	44,072,552	33,662,091
Less: Expenses	33,717,869	27,787,949
Funded debt int. ..	714,217	781,415
Other interest	2,318	1,046
Debt. disc., etc.	83,732	87,938
Depr. & obsolescence	2,708,316	1,186,743
Depletion	209,220	196,206
Inc. & profits tax ..	2,575,541	643,645
Subsid. divds.	14,516	16,576
Addit. inc. tax res. .	500,000	......
Net profit	3,546,823	2,960,573

Public Utility Earnings

Canada Northern Power

	1941 $	1940 $
April:		
Gross earnings	418,366	434,547
Less: Oper. exps.	235,643	230,597
Net earnings	182,723	203,950
Four Mos. Ended April 30:		
Gross earnings	1,667,260	1,743,767
Less: Oper. exps. ...	934,925	931,803
Net earnings	732,335	811,964

Hepburn Hold-out is Costly

Makes Income Tax Extra High for Ontario

Residents of Ontario are going to pay more in income taxes for the privilege of living in the province if neither Dominion Finance Minister Ilsley nor Provincial Premier Hepburn yield in the present income tax controversy.

When the Dominion Government on April 29 brought down its budget imposing heavy increases in the income and national defense tax, it was suggested that the provinces withdraw from the income tax field for the duration of the war. In return the Dominion would pay the provinces either:

An amount equal to the revenues actually received from this source in the fiscal year nearest Dec. 31, 1940, or,

The cost of the net debt service actually paid by the provinces during the same period less revenue obtained from succession duties.

Premier Hepburn, however, has so far refused to accept the Dominion proposal.

Accordingly, unless some agreement is reached, residents of Ontario will pay the increased Dominion taxes plus the existing Ontario tax.

The new Dominion tax starts with a minimum rate of 15% on the first $1,000 taxable income against 6% on the first $250 and 8% on the excess over $250 and under $1,000 previously. On taxable income over $1,000 but less than $2,000 the rate is raised to 20% from 12% previously, with graduated increases on each $1,000 taxable income.

On top of this comes the increase of 150% in National Defense Tax.

The Ontario rate starts at 1½% for the first $1,000 with 2% for income over $1,000 but under $2,000. The rate rises ½ of 1% for every $1,000 taxable income or part thereof. The Ontario rate has stayed at pre-war levels.

The exemptions under the Dominion tax were reduced a year ago from $2,000 for a married person to $1,500 and from $1,000 for a single person to $750. The exemption for children was left at $400. The Ontario exemptions, however, remain at pre-war levels of $2,000, $1,500 and $400 respectively. In some cases owing to the heavy Dominion taxes being deductible before the Ontario tax is computed, the actual tax payable to the Ontario Government is wiped out or is smaller than previously.

How the taxpayer will fare under the new Dominion rates is shown in the following table:

Income $	*New Dom. Tax $	Ont. Tax $	Total $	Former* Dom. Tax $	Ont. Tax $	Total $
Single Persons						
1,500	217	4	221	100	6	106
2,000	340	10	350	165	12	177
2,500	475	15	490	240	20	260
3,000	622	22	644	325	25	350
5,000	1,332	52	1,384	765	67	832
10,000	3,600	141	3,741	2,437	190	2,627
Married Persons—No Dependents						
1,500	75	..	75	30	..	30
2,000	175	..	175	75	..	75
2,500	275	3	278	125	6	131
3,000	400	9	409	195	12	207
5,000	1,000	35	1,035	555	48	603
10,000	3,080	122	3,202	2,070	162	2,232
Married Persons—2 Dependents						
1,500	35	..	35	14	..	14
2,000	60	..	60	24	..	24
2,500	115	..	115	46	..	46
3,000	215	..	215	95	2	97
5,000	735	24	759	391	31	422
10,000	2,710	107	2,817	1,780	152	1,932

*Including national defense tax.

Electric Output in Quebec Shows Sharp Increase

From Our Own Correspondent

MONTREAL. — Electric power produced by Quebec's 31 principal public utilities amounted to 1,387.5 million kw.h. in March, against 1,305.8 million kw.h. in the same month last year by 29 services, an increase of 6.3%. Sales rose in the same proportion, from 1,218.9 million kw.h. to 1,294.3 million.

Sales of primary power within Quebec were up 35.2% but secondary power sales fell 60.6%. Revenue from power sales in Quebec rose from $3.9 millions to $4.5 millions, an increase of 13.7%. Industrial sales revenue was up 19.1%.

Power Production and Sales in Quebec

	—March— 1941	1940	Change
	millions of kw.h.		%
Total prod.	1,387.5	1,308.8	+6.3
Total sales	1,294.3	1,218.8	+6.3
*Primary sales	853.3	631.5	+35.2
Export (primary) ..	335.0	318.9	+5.1
*Secondary sales ..	105.9	268.3	—60.6

*Within Quebec.

Revenue from Sales in Quebec

	1941 $	1940 $	Change %
Domestic	686,793	662,609	+3.5
Commercial	672,386	619,068	+8.5
Industrial	2,802,957	2,353,544	+19.1
Municipal	153,688	150,464	+2.1
Transport	114,377	109,286	+4.7
†Municipal	29,401	28,453	+3.3
	4,459,603	3,923,423	+13.7

†Wholesale.

Revenue from Export Sales

	1941 $	1940 $	Change %
Primary	853,838	771,036	+8.4

Note:—Figures for 1941 include 31 public services and these for 1940 only 29.

Quebec Road Contracts Let

From Our Own Correspondent

MONTREAL.—The Quebec Dept. of Highways has let contracts for highway construction valued at approximately $2 millions, Hon. T. D. Bouchard, Minister of Roads and Public Works has announced.

Expansion of Building Activity Resumed

A marked upswing in new building in Canada in May largely offset the slump in April, and put total contracts awarded in the first five months of 1941 ahead of last year by $43 millions or 50%.

Contract awards last month are computed by MacLean Building Reports at nearly $41 millions, a jump of close to $13 millions or 45% over the same month in 1940. In a similar comparison, April awards dropped by $2.3 millions or nearly 10%. Contracts let in the year to date are set at just under $130 millions.

Chiefly responsible for the recovery in May was industrial building, the decrease in which was the main factor in the April decline. Factory building last month amounted to $13.7 millions, over five and a half times greater than in May, 1940.

Residential Building Up

Also a feature of May operations was a further upturn in residential building, which exceeded May, 1940, by $4.5 millions or 52%. The increase was reflected by both apartment building and single house construction. While partly traceable to large projects of Wartime Housing Ltd., government war company, the recovery of residential construction has been gaining headway for several months past.

A decrease of 20% in value of business-type projects started was caused chiefly by shrinkage of awards for hospital construction, compared with substantial awards in May of last year. Engineering construction continued to show recession.

Breakdown of figures for the first five months of the year shows gains in all four of the main classes of contracts, chiefly in residential and industrial construction.

NEW PRESIDENT

John O. Pitt, advertising manager of Canadian Fairbanks-Morse Co. Ltd., is newly elected president of the Montreal Chapter of the National Industrial Advertisers Association. Mr. Pitt will take part in the programme for the Annual N. I. A. A. Conference to be held this year Sept. 17-19 at the Royal York Hotel, Toronto.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Viceroy Mfg. ...	4½%	1952	July 1	103
Morrison Brass	▲7½%	1947	July 1	101
Victoria Realty .	■6%	1948	July 2	102½
C. P. R. (note cert.)	4½%	1944	June 15	100½
Inter-C. Bak. ..	*5½%	1948	July 1	102
Drawn by lot: *$44,000. ▲$9,000. ■$13,500.				
Stock Issues:				
Goodyear Tire .	5%	Pref.	June 30	52½

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What are these things worth to You?

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The Editorial Page . .

One by One, They Wake up

The Financial Post never joined the hue and cry to have the Saturday Evening Post banned from Canada, feeling that restrictions on the free circulation of the printed word should always be imposed with greatest caution. If we were to bar literature that is critical of the British cause or British policy we should have to ban Dorothy Thompson's column from Canadian newspapers. Her attack on Eden's "war aims" speech this week was not calculated to promote unity in the Commonwealth. Indeed it could only serve to invite Jewish distrust of British policy, and confuse those who feel Germany's military might should finally be crushed.

Literature of Nazi, Fascist or Communist inspiration should certainly be suppressed; but we can stand a lot of honest criticism and even a lot of misrepresentation from papers that are essentially free in spirit, without it doing us as much harm as could be done by a policy of giving the politicians power to suppress at will.

Now the Saturday Evening Post has crawled around to a new policy, but it is so vaguely expressed that we shall have to wait a few weeks to see what it really is. Apparently it isn't isolationism. It is some kind of "American crusade" against totalitarianism.

* * *

There are other U. S. papers that are at times mischievously unfriendly but it does not follow that we should keep them out of Canada. Time, a paper that hires a large staff of "researchers" who manage to insure that every article will contain a certain minimum number of mistakes, and that never says a kindly word where there is a wisecrack to fit, has published very offensive insults against Canada recently. Its sister paper, Life, recently permitted one of its feature writers to smear Quebec. Called to account, it sought to divert attention by a fantastic misrepresentation of Canada's financial aid to Britain.

* * *

The Chicago Tribune is another unfriendly journal. Its malicious attacks upon Great Britain, its distortions of the issues in the war, might have been inspired and paid for by Joseph Goebbels but they weren't. The Tribune has, we are sure, donated them free.

Canadians have been keenly hurt that the Tribune's perversions have been printed on newsprint made in this country. But there is little we could have done about that ironic jest. To have refused the Chicago Tribune its newsprint supplies would have alienated the entire U. S. press, always sensitive to any effort at government measures to intimidate the newspapers, and above all measures executed by a foreign government. Moreover the Tribune's dollars have probably helped Britain more than its cartoons have hurt.

One of these days the Chicago Tribune will come around to realities like the Saturday Evening Post. It will change its policy when its publisher emerges from his present befuddlement. The threat of Hitlerism to the United States is direct and is becoming more obvious daily. One by one isolationists in the United States are waking up to the fact that is is not just another "European" war. And even Col. McCormick will discover that in time. He said, in giving evidence on Lease-Lend, that if Hitler threatened the Azores the U. S. ought to get there first and take the Azores. That showed that even to his isolationist mind there was a point at which American intervention was inevitable to save American interests. One morning Col. McCormick will discover that that point has been reached. Then his writers and cartoonists will dip their pens in red, white and blue inks; the Tribune will be at war with Hitler.

In the meantime, there seems to be a straw blowing in the Tribune's wind. Last week it inaugurated a regular department in which the "interventionist" Committee to Defend America by Aiding the Allies will be given equal space to present its point of view alongside the views of the "isolationist" America First Committee.

This is the first time anyone but the narrow isolationists has got anything but smears from the Tribune.

This week the Detroit Free Press switched over. First Philadelphia, then Detroit. The sun of enlightenment is moving west.

Poor Eggs vs. Good Paint

Ex-M.P. Agnes McPhail's column in the Toronto Globe and Mail is gaining a large following among city people. She is interpreting the farmer to city folk. All we need now is someone to interpret city folk to the farmers.

Unhappily, Miss McPhail is not severely just in her use of facts. Indeed, she often distorts them beyond recognition. Last week she told of a farm woman who got 13 to 18 cents a dozen for her eggs and yet was asked $3 per half gallon for the quality of paint she wanted.

Eggs have been fetching considerably more than 13 to 18 cents in the market, except for the very lowest grades, which are not fit for human consumption.

One of the Toronto department stores advertises paint at $1.69 a gallon. The best quality of house paint can be bought for $2.60 per half gallon, which includes the newly imposed sales tax.

Is the answer to that farm woman's problem not this: that if she wants to buy top grade paint she has to produce better than the lowest grade of eggs?

Exemption for War Guests

The Minister of Finance has remedied one of the injustices in his budget proposals. He has agreed to impose the non-resident income tax only on the net income from rented property, etc., instead of on gross income as he originally proposed.

But he stubbornly refuses to remedy a second major injustice. Canadians taking in British children as war guests are not to be allowed any income tax exemption at all, unless the children are brought in under the official Government scheme.

There are some 5,000 British children unofficially in Canada as against only 1,500 officially here.

The sacrifices that are being made by many Canadian homes to permit British children to be saved from the horrors and perils of the Battle of Britain should receive the modest recognition of at least the usual $400 exemption per child. The actual loss to the treasury would be much less than $400, depending upon the income tax bracket in which the head of the family falls.

U. S. Dollars for Dance Bands

Toronto recently had a water carnival from across the line. The show seems to have been none too successful so that the loss of U. S. dollars was not great. A famous American dance band is putting on a special evening of entertainment in the city. Other American "name" bands are constantly being advertised.

It is curious that the Foreign Exchange Control Board should refuse Canadians permission to visit relatives in the United States, and yet be able to find American dollars to pay dance orchestras from across the line to come to Canada.

Editorials in Brief

Premier Hepburn of Ontario sent a several thousand word telegram to Prime Minister King. Surely the Ontario Premier's dislike for Ottawa does not extend to a refusal to use the Dominion's mail service, which would have delivered his message in lots of time at much less cost to the taxpayers.

* * *

A letter received this week adds another footnote to the history of the publication labelled by a cabinet minister as "Canada's No. 1 saboteur":

"The Victory Loan Publicity Committee is delighted with this week's issue of The Financial Post and have asked me to express their pleasure. You have done a very fine job."

* * *

The Cockeram-Ralston controversy seems to boil down to this: Col. Ralston wrote Major Cockeram telling him that he ought to choose between being an M. P. and being an officer. But Col. Ralston said he wrote as a fellow M. P. and not as Minister of National Defense.

The question arises: If Major Cockeram cannot be both an M. P. and an officer, how can Col. Ralston be both a private member and a minister of the Crown?

* * *

Both the Toronto Globe and Mail and the Windsor Star quoted M. J. Coldwell, acting C. C. F. leader, as saying that he had examined the reports of 28 of the 33 largest corporations in Canada and found that, after paying all taxes in 1940, they made about $8,400,000 more profits than in the previous year.

The official Hansard report, however, tells a different story and Mr. Coldwell's figures showed that they had earned $8,400,000 less.

It appears that Mr. Coldwell mixed up his figures in speaking but by the time he had corrected himself the misleading version of his remarks was winging its way to the press.

* * *

"In private conferences, Norman Thomas has been instructing Lindbergh in speaking technique, audience appeals, etc."—Newsweek.

Earl Browder not being available, Lindbergh has to turn to the second best.

* * *

From time to time the name of Colonel George P. Vanier is mentioned as a man who might be drafted for Canada's wartime cabinet. Colonel Vanier has an excellent war record. He has had good experience in the High Commissioner's Office in London and in our Legation in Paris. He commands the respect of the English-speaking people and is most highly regarded among his own people, the French-speaking Canadians.

* * *

After M. J. Coldwell, C. C. F. leader, had made invidious references to International Nickel Company, Consolidated Mining and Smelting and Aluminium Limited, the Minister of Finance put a more realistic appraisal of these companies on the record. Mr. Ilsley said:

"If I were asked to say anything about these companies, I would say that all three have done a great deal to aid in the war effort, and I believe the country is fortunate in having such efficiently organized and well-disposed companies so far as our war effort is concerned."

* * *

It was a smart idea having Premier Hepburn cut in on Lowell Thomas' broadcast from Toronto last week with a boost for Canada's tourist trade. But it was not smart, nor was it fair to Lowell Thomas when Mr. Hepburn used the occasion to make an invidious comparison between Ontario's opportunities and those of a sister province. The main thing is to get American tourists to come to Canada, to impress upon them the fact that they are welcome and free to enter any province. Confusing them by introducing provincial jealousies is both bad taste and bad business.

* * *

Complaints are often heard that people of other lands know too little about Canada and the people who live here. Even Britishers and Americans are often found surprisingly ignorant in this respect. It has been suggested that one reason for this is that Canadians are not well enough acquainted themselves with their own country and are often too reticent about what they do know.

To help correct this situation, the London Life Insurance Co. has just published a booklet entitled "This Canada of Ours," which sketches briefly the resources of the country and the character of the people, and contains many colored illustrations of Canadian life.

Coming at this particular time it presents a picture of a Canada worth fighting for to the last man and the last dollar.

* * *

The Lithographers Journal of New York discusses the housing shortage in Canada and quotes certain labor opinions here that a housing plan will be needed to provide an answer to one of the greatest post-war construction problems.

In the course of its discussion it says: "The Financial Post points out that private capital cannot accept the hazard involved in housing construction."

The quotation from The Post is incomplete, dishonest and misleading. What was under discussion in The Post's article was the problem of providing housing accommodation for workers in temporary war plants. Private capital, said The Post, could not be expected to accept the hazards of housing construction "of a purely temporary character."

Wherever a definite need for new homes appears in Canada, private builders stand ready to build homes and private capital to finance them unless the politicians impose too many obstacles in the form of moratoria, extravagant realty taxes, etc.

* * *

Hon. J. G. Gardiner stated the other day that on the basis of present population, compared with that of the first Great War, Canada could raise an army of 750,000 men. In 1914-18 enlistments totalled about 600,000.

Grant Dexter, Ottawa representative of the Sifton papers, in a recent survey of Canadian manpower, seriously challenged the Gardiner estimate. We have gained 43% in population since 1914, he states, but lacking the huge flow of young immigrants which was a feature of Canada's development prior to 1914, the average age of our population now is much older. There is a greater proportion of females. Moreover, in these days of mechanized warfare our industrial effort requires a great deal more manpower than was necessary in 1914-18.

It is by no means certain that we could, or should raise, an army of 750,000.

—Cartoon by Grassick

SOMETHING FOR EVERYONE

Post-Scripts . . . .

Newfoundlanders

This week The Post features Newfoundland in a special supplement and Postscripts takes advantage of the occasion to introduce two outstanding citizens of Britain's oldest colony.

Calvin C. Pratt has earned a reputation for reclaiming derelict Newfoundland business. He has hung up a long record of successful performance in changing red figures to black. Active head and director of Steers Ltd., St. John's, he has a wide range of interest.

MR. PRATT

Calvin Pratt was educated in the country schools of Newfoundland. Son of the manse, he was moved regularly every three years of his youth. The term of pastorate then existing in the Methodist conference regulations gave him an opportuinty to know the geography and people of his native land.

At the tender age of 15 Pratt came to St. John's to start his business career.

By 1926 he had acquired a large enough stature in the business world to tackle the job of reconstructing the long-established firm of Steers Ltd.

His career has gravitated around this one company. He took it out of liquidation, and proceeded to completely overhaul it. In 14 years he has converted it into one of the most powerful factors in the commercial life of the Island.

Activities of Steers have been considerably diversified and widened in that time. The firm has taken in several subsidiary interests, and branched to almost every town and fishing village. For several years it has put out its own newspaper.

Steers has been projected into the fire, casualty, marine and life insurance field; operates an export department, and is one of the largest shippers of salt codfish. Steers trades regularly with Portugal, Spain, the Mediterranean countries, West Indies and Brazil.

A shipbuilding enterprise has recently been added.

Mr. Pratt also took a principal role in rehabilitating a defunct confectionery manufacturing concern and placing it on its feet as Purity Factories Ltd. He is head of United Nail & Foundry Co., an 80-year old St. John's firm with one of the largest payrolls in the city, and also a director of Dominion Atlantic Insurance Co. and British Import Co.

To keep his vision beyond the Newfoundland horizon, Mr. Pratt has travelled in North and South America and Europe. In 1931, while president of the Newfoundland Board of Trade, he accompanied the Canadian trade mission in its journey through South America.

Like most Newfoundlanders, he devotes a considerable amount of time to church, social and club activities.

* * *

Fourth Generation

No dog show would be complete without the majestic Newfoundland breed. A product of the Island it has gained world recognition for its excellent qualities. The Newfoundland Government has used it to decorate its postage stamps and it is widely used as an emblem.

MR. MACPHERSON

No one has been more responsible for perpetuating and maintaining the excellence of the breed than Hon. Harold Macpherson, of St. John's. His Westerland kennels has achieved an international reputation, and the Newfoundland dog is closely associated with his name. He is a director of the Newfoundland (Dog) Club of America, New York, and has served as a judge at many international dog shows.

But the raising of dogs is only a hobby to Harold Macpherson, although an extremely absorbing one. This fourth generation Newfoundlander heads one of the country's largest merchandising organizations, Royal Stores Ltd., with its numerous subsidiary enterprises. He is also director of the Equitable Life Insurance Co.

Harold Macpherson was born in St. John's and is proud of his Scottish-Newfoundland forebears. He attended the Methodist College and spent the first year of his business career working in a Montreal hardware company.

He returned to St. John's and entered Royal Stores, largely a Macpherson family enterprise. With the early death of his father he was entrusted with heavy responsibilities at a time when most young men have their feet on only the first ladder of a business career.

At the age of 24 he became a director of the company. A Scottish inheritance bestowed upon him considerable commercial talent and Royal Stores was destined to go places under his direction.

In 1921 Harold Macpherson became the third Macpherson to occupy the post of president. He has remained at the helm since and the steady expansion and diversification of the company's activities attests to the kind of a job he has done.

The energy of this quiet, almost shy Newfoundlander is remarkable. Besides establishing an international reputation as a dog breeder he has built a successful dairy farm, owning one of the best herds of Ayrshire cattle on the Island. His beautiful Westerland farm and kennels, with its trout stream, is one of the show spots of the St. John's area. Mr. Macpherson is a member of the board of governors of United Church College and is active in church activities and philanthropies and education.

* * *

Genial Jim

To thousands of people in Alberta he is known as genial "Jim" Walker and he is all that, this middle-aged leader of the Independent group in the Alberta Legislature, dirt farmer, oldtimer and father of nine children, one a medical student at McGill University.

MR. WALKER

Walker was the most surprised man in the province when his associates in the Legislature elected him their leader. He was without political experience, whereas D. M. Duggan, Alfred Speakman of the old "Ginger Group" at Ottawa, Mayor Andy Davison of Calgary and others were war-horses at the game. But he was the final unanimous choice of the group and after one session everyone seems satisfied the choice of the lanky, six-footer from Raymond was a wise one.

Now, with the war on, Walker is carrying on as Leader of the Opposition in the history-making Alberta house, in a practical, clear-visoned, sincere way. He wants to see Alberta do its part in the war effort and feels that one way to do that is to co-operate with the federal authorities. When the battle raged over the Sirois report Walker stood firm. He stood out vigorously for the application of the recommendations and carried his group with him. He, moreover maintains that Alberta, if she is to give the maximum effort to the war, must quit experimenting with economic theories.

Walker is progressive, alert to changing needs. But he is a "fundamentalist" in business. He won success on his farm in the hard way. Old-fashioned, hard-work and business methods supplied the key, he always says. He has no patience with "something for nothing" theories. That is why he was one of the earliest critics of the $25 a month Social Credit dividend cry in Alberta. "You'll never get it," he told his neighbors and friends lured by the Aberhart promise.

However, enough in the Warner riding thought they would and so elected a school teacher, Solon E. Low, their member. He became the provincial treasurer and special custodian of the provincial barter and banking programe of the Government.

In the last election genial "Jim" Walker defeated Hon. Mr. Low, the only Independent candidate to do what many called the "impossible." Walker's win in Warner was in some respects the highlight of the election and it doubtless was all to his credit when the job of house leader was to be filled.

While the Alberta opposition leader may have had little experience in politics he has had a lot of experience in life. He settled in the semi-arid Grassy Lake country as a homesteader. Later he moved to Raymond, centre of the beet sugar industry, took up land and is still living there. His activities have been varied and if Raymond took a notion to select its No. 1 Citizen "Jim" Walker would be a strong contender for the honor.

He has done more perhaps than any other one citizen to get the beet industry established in Alberta, he was a leader for years in amateur sports and a basketball star in his own right. He developed a beautiful home in town as well as his farm and takes pride in his trees and orchard and shrubbery. He handled millions of dollars of the Knight Sugar Company's funds during his term as office manager of the company, so his grounding in business methods was thorough. He has always been active in his community and up to the time of entering public life, was a bishop of the Mormon church.

Walker is popular. He's a "go-getter" in a very real and practical way, is effective on the platform and a lover of youth. Right now Walker is busy on his farm. He's up early and works late. But there is mighty little that goes on in the great world outside that misses him. For his job is a man's size one and he knows it.

* * *

Our Share
Vancouver Sun

Now we know precisely what we are expected to contribute to the Canadian Victory Loan. The figure, as we calculate it, is $54.54 for every man, woman and child in the nation.

That would make the total of $600,000,000, which would be a good start. But Mr. Ilsley obviously needs far more than the amount fixed for the new loan. He has told Parliament that he wants to borrow at least a billion dollars this year.

The start, however, is $54.54 for the average Canadian. Of course, many Canadians cannot loan that much, or anything, which means, of course, that the others must loan much more. But it is a good mark for the small man to shoot at—at least $54.54 for every member of the family.

The Financial Post

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Other People's Views . . . .

The Canadian Editorial of the Week

Stop Those Strikes
Calgary Herald

Strikes are bad business in peacetime: worse business in war. Wartime strikes are bad for morale: they suggest that there is something very much wrong either with the struck plant or with its employees. Above and beyond that, of course, they tie up production at a time when production holds the balances of victory and defeat.

That is why the strike of 400 employees at a Toronto machine tool plant is thoroughly bad news. Strikes are not wanted in Canada today: and they are not needed, either.

The people of this country have entrusted their Government with very broad powers. They expect those powers to be used in every phase of the war effort.

The Government has a fair-minded Department of Labor. It is up to that department to see that men stay on the job, under fair conditions. This can be done quite easily. Let any dissatisfied employer appeal to the department for a ruling on his labor problems: let any body of workmen appeal to the department for a ruling on their unsatisfactory wages or working conditions.

Then, when the ruling is made, let it stick tight. As tight as an oath of enlistment. If the workmen refuse to accept the department's ruling, they should become subject to severe penalties: if the employers refuse to accept the department's ruling, they should be replaced with a government controller for the duration of the war.

This war is a struggle of production. Canada's production of war material must go on hard and fast, and anything that threatens to interfere should be handled with the gloves off.

* * *

As Others See Us

Cabinet Strengthening
Moncton Transcript

Complaint is made by The Financial Post that Premier King has not followed the example of President Roosevelt in inviting into his cabinet such men as Colonel Knox and Colonel Stimson, both of whom happened to be political opponents. Mr. Roosevelt has an advantage in selecting his cabinet, in that its members do not have to be elected. They are appointed and sworn in, and that is all there is to it. Men qualified for cabinet service in Canada have to be qualified also to win elections, and this is a test from which many shrink.

* * *

Our Taxes and British
The Northern Miner

It is generally assumed that taxation in Great Britain is far and away the highest among English-speaking countries. Reports to this effect have been widely circulated in Canada, possibly to comfort us when Dominion taxation has been increased. However, a lot of Canadians have suspected that Canadian taxation was pretty close to that in Great Britain and The Financial Post presents an analysis that goes to bear out that suspicion. This financial journal discovers that the per capita net taxation in the United Kingdom is $158.42, whereas in Canada it is $146.58.

We have in Canada a welter of taxes, some of them hidden like the sales tax, and others partially hidden. When the amounts are totted up, it is found that the burden in this country is virtually as great as in the Old Country. Perhaps it is greater here because in Britain there is accumulation of wealth from several generations far overweighing anything this young country has been able to amass.

In Britain the tendency is to let corporations prosper and make money, and then take the taxes off the individual shareholders. This year Britain's corporation taxes are scheduled to bring in less than one eighth of the total tax revenue, whereas Canadian corporation taxes are about one sixth of the Dominion revenue. British corporations were entirely exempt from income taxes until just before this war, whereas corporation taxes have been a feature in the Canadian system for more than two decades.

* * *

War Cabinet
Durham Chronicle

While Canada's war effort to date is good, it is the general concensus that it could have been a lot better had Ottawa joined the rest of Canada and shelved the petty portion of politics until the war is won.

Every time there is a criticism of the Government, the critic has been too often branded as a fifth-columnist. This neither meets the argument that our war effort is not what it might be, nor impresses many of the people.

There are good men in every political party, and in a crisis such as we are passing through now, every good man is necessary. This is no time for fooling.

In our opinion, the best editorial we have seen along this line appeared in last week's Toronto Financial Post. It is a mere statement of facts, not bitter, and sensible.

"Mr. King," says The Post, "should enlist for his cabinet more of the nation's best men to take over posts now held by men who are too weak to do a good job. In selecting these men he should be governed solely by considerations of their ability, and not at all by consideration of political experience or political affiliation."

* * *

Luxury Buying
Saskatoon Star Phoenix

The Financial Post, which is closely in touch with business, or should be, reports that evidence of luxury buying is growing in Canada. It observes that the authorities at Ottawa cannot allow an outburst of this type of spending because it will hobble the war effort.

The cutting down of ostentation or luxury buying is best achieved by Government borrowing, voluntary if possible, compulsory if necessary.

The Victory Loan should be a strong influence toward eliminating this tendency which is now getting under way. It should bring to the war effort much of the money which otherwise would be spent ostentatiously or wastefully

* * *

The Mail-box

Conscription

Editor, The Financial Post:

Enclosed find cheque for my subscription for the coming year. I always enjoy your paper. Particularly in these times I find your articles with regard to governmental affairs the most reasonable of anything I can find in Canada.

I sometimes wonder how Mr. Ralston can stand the position he has been forced into, regarding conscription. How it must gall him to have to speak to old comrades as he did recently and beseech them to talk to the younger men, and on the heels of a resolution from the Canadian Corps asking Mr. King to bring in conscription as the only fair thing.

I think every old soldier will tell you that except for the old cranks, that they were praying for conscription honestly enforced during the Great War and supported it wholeheartedly. Now four months compulsory training for home duty—for what?

D.L.F.

British Columbia.

Stop Me If . . . .

He took his best girl for tea in a restaurant. Half-way through he looked at her and smiled.

"You're gorgeous," he said.

She seemed peeved.

"I may possess a hearty appetite," she replied, "but no one could truthfully call me gorgeous."

* * *

Sayings of the Week

"The only thing Mussolini can lick is Hitler's boots."—*Dorothy Thompson.*

* * *

"We are ready this year, and in each succeeding year, as long as the war may last, to do all that lies within our power to help to ensure victory."—*Prime Minister Mackenzie King.*

* * *

"Any woman who married a man after 1930 did so because she was pretty fond of him."—*D. G. Ross, M.P. in parliamentary discussion on the Pension Act and its application to soldiers who fought in the last war.*

* * *

"What the people of the United States have now seen is that Hitler realizes that he cannot conquer Britain unless he conquers the world, and they have decided that they do not propose to let him do it."—*Walter Lippman.*

* * *

"To Nazi tyrants and gangsters it must seem strange that Canada, free from all compulsion or pressure, and so many thousands of miles away, should hasten forward into the field of battle against the evil forces of the world."—*Prime Minister Churchill in Victory Loan broadcast.*

Today's Role of Treasury Bills

Victory Loan Proceeds Unlikely To Affect Them

From Our Own Correspondent

OTTAWA.—Proceeds of the Victory Loan, 1941, are unlikely to be used to reduce the outstanding $230 millions of Treasury bills.

In the past, particularly in United Kingdom, Treasury bills have been used by the Government for short term financing. Their maturity usually coincided with periods of heavy tax returns, which were used to redeem the bills.

The function of the Treasury bills has undergone a change. In Canada these Treasury bills enable Bank of Canada to maintain cash position of the banking system at a level consistent with the volume of business activity.

The Canadian bills are issued as a rule to mature in three months and sold at small discounts. They are redeemed and replaced with a like amount of new bills, thus keeping the outstanding volume at a more or less set level.

The Treasury bills are offered by the Government for sale by tender. They may be bid for by the Bank of Canada, the chartered banks, corporations or individuals. The latter's interest in them is purely as a short-term investment; as a means to employ cash pending payment of income taxes, etc.

Two Main Uses

The two principal uses of the Treasury bills are seen in operations of the exchange fund and maintaining the cash position of the banking system.

The exchange fund starts out with gold, foreign exchange and cash. The cash is carried in the form of Treasury bills which are easily liquidated. When the fund is buying foreign exchange it sells treasury bills to secure the necessary cash to cover the transaction. When it sells foreign exchange and receives cash, the latter is invested in Treasury bills.

This buying and selling of foreign exchange is an every-day operation, so that the fund is constantly buying and selling Treasury bills.

In respect to cash position of banking system there is a definite relationship between a bank's liabilities to the public and its cash position. The ratio varies, of course, depending upon the bank's individual needs, but usually is about ten to one.

If a bank wants to improve its cash position, then it sells Treasury bills to the Bank of Canada. Likewise if a bank is "long" on cash, it buys Treasury bills. While the latter return is very low yield, still they enable a bank to employ idle cash and have the further advantage in that they are non-taxable.

Is Clearing House

So far the Bank of Canada has been used as a clearing house for these transactions. Actually there is nothing to prevent a bank from buying or selling Treasury bills to another bank, but the custom has been to handle these transactions through the central bank.

It should not be forgotten, moreover, that the Bank of Canada maintains a market for Government bonds, a function gradually taken over from dealers and the chartered banks.

In the event of selling of Dominion Government bonds by the investor where the Bank of Canada is the ultimate buyer, or the maturity of a bond issue paid off from the Dominion Government balance at the Bank of Canada, the net result is to increase the supply of cash with the banks through deposit of the proceeds by the investor.

Thus the supply of cash with the chartered banks may be greater than warranted by business conditions. At this stage the banks would buy Treasury bills from the Bank of Canada. This would bring the supply of cash back to a normal level.

This change has taken away in part the one-time primary function of the Treasury bills, namely a means of raising money in anticipation of tax receipts in order to meet governmental expenditures. For that reason it is not expected the money raised by the Victory Loan will alter the volume of Treasury bills outstanding.

The Week in Business

Current business continues to make gains over last year. The D.B.S. index of business activity for week ended May 24 is well above year ago but slightly lower than in previous week owing to declines in stock market trading and values and bank clearings.

Railway carloadings for week ending May 24 almost 15% above 1940 level. Total for year to date 16% higher.

Automobile financing of new and used cars substantially higher in April than in previous year. Cumulatives for first four months up 43% for used cars, 28% for new.

Construction contracts awarded in May almost 46% higher than year ago. Total for five months up 50%.

Sea fisheries, both catch and landed value, show small increases over 1940 for April and first four months.

Coal production and imports decline in April from last year's levels. Totals for first four months up 3.3% for production and 16% for imports.

Electric power production in April and first four months well above previous year.

Total Canadian imports up 32% in first four months of 1941 over 1940.

Trend of business shown by The Financial Post Index and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	May 24	May 17	May 10	May 3	May 25/40
Weekly index of business, D.B.S.	108.5	108.9	109.8	111.4	105.9
Commodity prices index no.	87.7	87.2	86.9	86.7	81.2
	Apr.	Mar.	Feb.	Jan.	Year Ago
The Financial Post business index	°147.1	150.7	152.5	154.6	133.5
▪Retail sales index no.	135.4	129.3	130.6	124.6	110.0
Dept. stores sales index no.	133.5	124.8	126.1	123.5	106.2
▪Wholesale sales index no.	141.5	125.2	110.6	106.2	115.1
▪Country store (% change pr. yr.)	+13.3	+5.5	+4.4	+2.4	+6.8
EMPLOYMENT INDEX Nos., D.B.S.	Apr. 1	Mar. 1	Feb. 1	Jan. 1	Year Ago
All industries	....	135.3	135.2	134.2	113.5
Manufacturing	....	150.8	147.4	142.5	122.6
Living costs weekly budget	$18.23	$18.16	$18.13	$18.26	$17.76
			Jan. 1 to date		%
RAILWAYS	1941	1940	1941	1940	Change
▪Carloadings (week May 24)	57,242	49,919	1,172,875	1,013,302	+15.7
C.N.R. gross (week May 21)	6,083,696	4,581,215	107,252,389	84,804,238	+26.4
C.P.R. gross (week May 21) $	4,371,000	2,891,000	74,779,000	56,922,000	+31.3
C.N.R. net revenue (Apr.) $	6,799,362	1,688,981	17,490,928	7,126,942	+145.4
▪C.P.R. net revenue (Apr.) $	3,149,164	1,946,079	11,669,571	7,248,568	+60.9
IRON AND STEEL—(April)—					
Pig iron production (tons)	103,326	84,210	399,614	367,717	+8.7
Steel ingots and castings prod. (tons)	200,080	153,451	755,162	617,616	+22.4
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Mar.)	11,272	10,481	23,727	24,999	—5.1
Factory output ... (Apr.)	12,091	13.487	46,821	50,870	—7.9
Trucks and Buses:					
Domestic sales* .. (Mar.)	3,389	2,515	8,130	6,605	+23.1
Factory output ... (Apr.)	15,493	6,200	53,712	20,835	+158.0
Financing:					
▪Used (Apr.) $	6,530,068	4,316,435	15,954,975	11,153,924	+43.0
▪New (Apr.) $	5,664,658	4,201,659	13,610,008	10,590,673	+28.5
CONSTRUCTION—					
▪Contracts awarded . (May) $	40,875,600	28,093,800	129,719,100	86,338,500	+50.2
Cement prod., bbls. (Feb.)	302,182	204,287	584,746	394,862	+48.1
AGRICULTURE—					
Flour prod., bbls. .. (Mar.)	1,476,673	1,257,034	4,116,229	3,770,135	+9.1
Flour exp., bbls. ... (Apr.)	849,816	519,870	2,370,530	2,520,103	—5.9
Wheat exp., bush. .. (Apr.)	20,322,400	5,081,736	46,284,793	30,665,855	+50.9
Cattle sales▲ .... (Apr.)	89,786	93,444	313,431	302,991	+3.4
Hog sales▲ .... (Apr.)	629,453	476,593	2,154,847	1,596,254	+35.0
SEA FISHERIES—‡					
▪Catch, cwts. .... (Apr.)	343,000	322,700	1,623,000	2,942,800	—44.8
▪Landed value ...... (Apr.) $	1,009,000	1,001,100	2,676,630	2,841,900	—5.8
NEWSPRINT—					
Production, tons ... (Apr.)	279,996	268,947	1,062,670	1,003,081	+5.9
Exports .... (Apr.) $	13,018,979	12,317,752	43,917,357	39,329,845	+11.6
MINING AND OILS—					
▪Coal prod., tons ... (Apr.)	1,214,050	1,273,015	6,034,956	5,837,209	+3.3
▪Coal import, tons .. (Apr.)	516,736	595,297	2,258,129	1,940,612	+16.3
Gold rec., fine oz. . (Apr.)	385,488	481,995	1,685,812	1,611,605	+4.6
Crude oil prod., bbl. (Feb.)	737,313	655,586	1,539,965	1,142,445	+34.7
Crude oil imp., gals.† (Mar.)	62,661	55,085	181,124	169,704	+6.7
ELECTRIC POWER OUTPUT—(April)—					
▪Total monthly, 1,000 kw.h.'s	2,693,353	2,398,722	10,366,931	9,718,053	+6.6
FOREIGN TRADE—♦					
▪Imports .... (Apr.)	106,268,419	85,979,519	402,264,731	304,859,113	+31.9
Exports .... (Apr.)	118,425,050	84,692,678	410,905,304	331,325,726	+24.0
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (Apr.)	142,653	148,959	629,296	579,605	+8.5
Shoes, prod., pr. ... (Mar.)	2,524,243	2,242,756	6,641,192	6,595,846	+0.6
Cotton consump., lb. (Apr.)	17,114,949	15,805,855	66,201,826	63,467,175	+4.3
Raw rubber imp., lb. (Mar.)	9,636,314	6,076,667	31,232,029	24,755,771	+26.2
Cigarette cons. No.† (Apr.)	616,466	648,732	2,489,228	2,317,045	+7.4
Sugar manufactured .. lb.‡	49,950,676	59,710,134	192,032,236	182,461,630	+5.2
FINANCE—					
Bank debits† ...... (Apr.) $	2,984,165	2,938,298	11,303,597	10,980,510	+2.9
Bond sales† ...... (Apr.) $	78,830	88,296	318,216	617,333	—48.4
Life insurance sales (Apr.) $	35,398,000	32,248,000	128,924,000	128,059,000	+0.6

*D.B.S. All Canada figure covering over 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Preliminary.
▲Total at yards and plants
New items for week marked ▪
†000's omitted. ‡For four weeks to April 19. ♦Gold excluded.

Toronto Tram Revenues Climb

T.T.C. Passengers Jump 9% in Year — 13% in Last Half

Passengers carried by the Toronto Transportation Commission in 1940 increased 9.12% over 1939, brought more than $500,000 added income to the system before charging depreciation, interest, etc. The number of revenue passengers carried rose over 14 million to 168 million, still 39 million below 1929, previous peak year for the Commission.

Increased services raised operating expenses above the previous year, which also reflected higher wage rates established in the last quarter of the year. Fifty modern streamlined cars, ordered in 1939, were not placed in use until the fall of 1940. Higher loads caused the Commission to place orders for a further 60 cars for delivery before winter of 1941-42. Placing of the order was delayed because of difficulty in getting foreign exchange to import car parts, but is now going through, and the cars are expected to be available by winter.

Offer of the Commission to permit its buildings to be taxed by the City of Toronto in order to help finance a new traffic artery has not yet been acted upon. The offer would provide more than adequate funds for financing the project, and its acceptance is regarded as urgent by the Commission in view of the increasing loads being put on the present equipment.

The increase in operations in 1940 occurred largely in the second half of the year, the gain in the first six months being 4.53% against that of 13% in the second half and an average of 9.12% for the year.

How this affected earnings is shown below:

Consolidated Income Account
Years Ended Dec. 31

	1940	1939
	$	$
Passenger earnings:		
Railway & bus	10,454,234	9,586,195
Motor coach	1,391,663	1,211,560
Interest earned	82,680	75,855
Sundry	282,308	355,508
Gross revenue	12,210,885	11,229,118
Less: Oper. expenses	7,222,427	6,757,925
Total income	4,988,458	4,471,193
Applied to:		
Debenture interest	1,163,107	1,257,285
Debent. retirement	1,648,768	1,697,485
Deprec. & amort.	1,499,450	1,201,578
Conting. reserve	105,000	45,000
Pension fund	......	200,000
Ticket reserve	1,000	......
For. exch. res.	225,000	......
Rev. stabilization	250,000	25,000
Surplus for year	96,133	44,944

Canadian Cottons Business Better

From Our Own Correspondent

MONTREAL.—Business of Canadian Cottons Ltd. in the current company year is ahead of the same period last year, R. G. Tolmie, president, stated following the annual meeting of shareholders. Bookings for fall delivery are also up.

Plants are operating at capacity and outlook for the remainder of the year is favorable, the president declared.

To Buy Preferred

E. C. Fox, chairman, told shareholders that the company's investment account had a book value of $4,140,314, and a market value of $4,156,650, consisting principally of Government bonds and securities of two corporations. Programme to replace capital assets will be affected by the recent order-in-council to control industrial expansion, Mr. Fox stated.

Shareholders approved a by-law authorizing directors to purchase preferred stock at a maximum price of $120 a share.

Photo Engravers Volume Gains

At the annual meeting of Photo Engravers & Electrotypers, Ltd., W. T. Northgrave, president, stated business since the end of the fiscal year, Feb. 28, has been well in advance of a year ago. Heavier taxes have resulted in a lower net being shown in the period. Only normal capital expenditures are anticipated for the year with the result that liquid position should be re-established, it is stated.

Canada Packers Sets $4 Regular Dividend

Declaration of $1 per share on the common stock of Canada Packers Ltd. raises that company's regular dividend rate to $4 per share annually. In the past two fiscal years dividends totalling $4 per share have been paid by regular disbursements of $3 per share plus bonus payments, last of which was for 50 cents on April 1, 1941. The new dividend, payable to holders of record June 16, puts the previous payments on a regular basis.

BP BUILDING PRODUCTS LIMITED
INSUL-ATED Mine and Industrial Siding (5/8)
Factory Siding for all-weather protection and insulation
For industrial building, addition and alteration on wood frame walls. Speeds construction, cuts waste, saves fuel.
Produced in Canada
BUILDING PRODUCTS, LIMITED
Montreal Toronto Hamilton Winnipeg Saint John Halifax

Deal on Niagara Covers Works to Protect Falls

From Our Own Correspondent

OTTAWA. — The U. S.-Canada deal for immediate extra water flows for Niagara power plants also provides for early steps to construct remedial works above the falls. Such works would protect the scenic beauty of the falls and improve the international river flow for power purposes.

This was revealed with official announcement of details of the new water diversion agreement, already reported in The Financial Post. The arrangement is to remain effective "for the duration of the emergency," to meet war needs for power on both sides of the border, but is subject to review in any event on Oct. 1, 1942.

The agreement between the two countries, to be submitted to Parliament and the U.S. Senate for ratification, calls for engineers to act "with a view to initiating forthwith the construction of works designed to distribute the flow of water over the falls in such a way as to preserve their scenic beauty." For some time, erosion has tended to narrow down the stream pouring into the gorge instead of spreading it across the full width of the precipice.

Tentative plans reportedly call for a submerged weir above the falls, estimated to cost $1 million, to distribute the flow more evenly. This would also have the effect of raising the water level above the falls and improving the flow for power purposes.

Part of Treaty

Both the remedial works plan and the immediate extra power flows provided under the present deal, virtually implement in advance the Niagara diversion phases of the pending St. Lawrence seaway treaty. The flows allotted to Niagara power use now stand at 44,000 cubic feet a second for plants on the Canadian side, 25,000 c.f.s. to those on the U. S. side of the river. However, output approximately matching 10,000 c.f.s. of the Canadian flow is exported to the American side, so that actual use of the river flow is almost equally divided between the two countries.

As for the seaway treaty itself, Ottawa still expects that it will go to Congress for ratification before long, after which—if passed—it will be dealt with by Parliament.

Chicago Move Blocked

In the meantime a move by Illinois authorities to increase the diversion of water from the Great Lakes through the Chicago drainage canal, this summer and next summer, has been blocked by an adverse ruling of the U. S. Supreme Court. Chicago's use for this purpose of 3,200 c.f.s., in excess of that allowed under the Canada-U. S. boundary waters agreement, has for long been a source of controversy and has complicated past efforts to launch the St. Lawrence seaway project.

The Chicago drainage question figured in negotiation of the pending seaway treaty, and agreement is understood to have been reached paving the way for final settlement of the question. While there is no definite assurance that the present Chicago draw-off will be reduced, as Canada has demanded in the past, it is believed U. S. authorities have agreed to bar any further diversion. Ruling of the Supreme Court would appear to uphold the position of U. S. federal officials.

The current move to swell the Chicago diversion was opposed by authorities of six Great Lakes states—New York, Michigan, Pennsylvania, Ohio, Minnesota and Wisconsin—on the ground Great Lakes water levels would be lowered.

Power Stations Output Soars

From Our Own Correspondent

MONTREAL. — Central electric stations output in April reached a new high record. Production totalled 2,693.4 million kw.h., compared with 2,631.8 million kw.h. in March and 2,398.7 million in April last year.

Secondary power production increased to 335.4 million kw.h. for domestic use and 94 million for export, a total of 429.4 million, against 316.1 million in March, and 495.9 million in April, 1940.

Exports to U. S. Up

Exports to United States totalled 211.6 million kw.h., compared with 201.6 million kw.h. in March. The increase was all in secondary power.

Average daily consumption in Canada of firm power reached a record peak of 71.5 million kw.h.

The figures by provinces follow:

April, 1941

	Output	Net consumption
	—000's of kw.h.—	
P. E. I.	713	713
N. S	40,707	30,707
N. B.	38,156	36,172
Que.	1,432,222	894,694
Ont.	793,916	822,649
Man.	122,136	86,259
Sask.	46,389	46,389
Alta.	23,122	24,882
B. C.	195,992	193,896

New Building

Dept. of Munitions and Supply has awarded contract at $140,000 for extension of plant of Canadian Car & Foundry Co. at Amherst, N.S.

Wartime Housing Ltd., Government company, has awarded contracts for 100 single houses at Hamilton, Ont., 50 houses at Peterborough, and 42 houses at Merritton, Ont.

Reported by Engineering & Contract Record:

Powell River (B.C.) Employees Sick Benefit Society is having plans prepared for projected construction of $125,000 hospital building.

Hotel Dieu Hospital, Montreal, has awarded general contract for erection of $700,000 addition.

Freres du Sacre Coeur has awarded $800,000 general contract for college building at Victoriaville, Que.

Aluminum Co. of Canada has awarded general contracts for $275,000 laboratory, testing and office building in connection with its plant at Kingston, Ont.; and power development at Chute a Caron, Que., for Alcoa Power Co., a subsidiary.

Arthur M. Maron, Montreal builder, has started work on construction of two 30-suite apartment house blocks, estimated to cost $250,000.

Quebec Dept. of Public Works has awarded contracts for erection of $100,000 bridge over the Yamaska River at St. Hyacinthe, Que.

Ogilvie Flour Mills has started construction of $150,000 grain elevator at Fort William.

T. Eaton Co. has awarded contract for construction of $90,000 addition to department store in Saskatoon.

Canada Packers Ltd. plans to alter and extend plant at Hull, Que., at estimated cost of $200,000.

Canadian Car & Foundry Co. has awarded general contract for $150,000 forge plant at Longue Pointe, Montreal.

Canada Iron Foundries is extending its plant at Three Rivers at cost of $100,000.

Ford Motor Co. has awarded contracts for $1 million foundry addition at its plant at Windsor, and is having plans prepared for $65,000 heat treating unit.

Ontario Hydro-Electric Power Commission has awarded $600,000 general contract in connection with power development on the Madawaska River at Bark Lake dam.

Toronto Ad Club Names Officers

Annual meeting of the Toronto Advertising & Sales Club last week was addressed by Harry B. Brown, national merchandising manager of Philco Radio & Television Corp. New officers for the coming year were elected as follows:

HOWARD S. MARK, circulation manager, Toronto Globe & Mail, president.

R. G. D. ANDERSON, sales promotion manager, O'Keefe's Beverages, Ltd., vice-president.

STAN. LONG, Toronto district advertising manager, Bell Telephone Co., secretary.

G. ALEC PHARE, radio director, R. C. Smith & Son advertising agency, treasurer.

Directors

E. DON BATE, Toronto sales manager, Canadian Industries Ltd.

E. LLOYD MOORE, station manager, radio station CFRB.

ANDREW M. O'MALLEY, advertising manager, Canadian Home Journal.

N. ROY PERRY, business manager, Maclean's Magazine and Chatelaine.

S. R. SKELTON, manager advertising department, Goodyear Tire & Rubber Co. of Canada.

How a Better Golf Ball is Made!
NORTH BRITISH
Perfected Product of Scottish Skill
Underneath the cover of white Balata is a layer of "live" rubber. It's made by a combination process of hand and mechanical winding that gives the ball greater resiliency and insures the absolute sphericity essential for straight flight and true putting. A special Unit-Weld process actually welds the cover and the winding of the ball so that the two cannot be separated. The "anti-frictional", supercharged core is in dead true centre—gives perfect balance and flight.
It All Adds Up To
Greater Distance! Greater Accuracy!
Greater Controllability!
14 separate inspections guard the quality of the world's finest ball.
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IMPORTED FROM SCOTLAND
BRITISH
NORTH BRITISH RUBBER CO. LIMITED
284 King St. West - - - - - Toronto

Treasury Bills

For the first time since the beginning of 1941, latest sale of treasury bills has brought a lower average price than the preceding issue. Bills to value of $40 millions, dated May 30 and maturing Aug. 29, have been sold at 99.85469, a yield of 0.584%. This compares with yield of 0.580% on the previous issue.

IN HIGH GEAR!

According to the latest available Government returns,* there were 32,546 persons added to the payrolls of Montreal's manufacturing and construction industries for the year ending March, 1941, while the month of March showed a sharp increase over February. This was the largest employment gain of any Canadian city and the increase is steadily continuing.... For the period (January 1st., to February 1st., 1941) the index of industrial activity in Montreal reached the highest point in nineteen years.

GET THE FACTS ON MONTREAL!
Statistics, figures, data sources, and facts on the important market of Metropolitan Montreal are contained in a new booklet just issued by the Montreal Star. Write Head Office or the Star's Toronto office, 390 Bay St., for a copy.

Facts like these point unmistakably to the enormous sales possibilities existing in Canada's largest city right now... You can sell goods EASIER in Montreal because ONE newspaper, the Montreal Star, enables you to cover the richest and most responsive portion of this busy consumer market.

*The Labour Gazette—April 1941 issue.

The Montreal Daily Star
"Canada's Greatest Newspaper"

The Financial Post photographs of a few Life Insurance Executives at convention in Toronto

A. N. Mitchell, left, president, Canada Life Assurance Co., is seen at the Canadian Life Insurance Officers Association annual meeting, in Toronto, last week, chatting with H. W. Manning, joint general manager of the Great West Life, elected second vice-president of the association. John G. Parker, general manager, Imperial Life, was elected first vice-president. Next to him is G. W. Bourke, actuary, Sun Life Assurance Co. of Canada, elected president of the association. To Mr. Bourke's left are D. E. Kilgour, president and general manager of the North American Life, J. A. Rowland, director of the Continental Life, and first vice-president and general manager of the Canada Permanent Mortgage Corp. and E. E. Reid, vice-president and general manager of the London Life Insurance Co. at the association luncheon.

Exchange Parity Plan Gets Mixed Reception

Maintenance of Stable Rate Considered by Many Executives More Important Than Wiping Out Discount on Canadian Dollar

At the annual meeting of the Canadian Life Insurance Officers Association, in Toronto, last week, Hon. John C. Blackall, commissioner of insurance for Connecticut, urged that dollar parity should be established at an early date between Canada and the United States.

The suggestion has had a mixed reception among Canadian life insurance executives. In some quarters there seems to be a feeling that such a move is desirable; in others that it would make little actual difference to the insurance business at present but might cause some unsettlement in general trade and industry which would be harmful.

With many people who would like to see the Canadian dollar at par with the United States currency, national pride is a big factor. Parity, it is also argued, would facilitate government payments for materials obtained in the United States. In the event of transfer of any large volume of money from one country to the other it would probably be an advantage. In this way it would help an insurance company which had to transfer a large amount of money from Canada to the United States.

Unfavorable Effects

But as regards life insurance generally, many executives feel it would be of little advantage. They see it having some unfavorable effects which might more than offset the favorable ones. For instance, they say it would:

Discourage exports.

Remove one of the incentives for United States tourists coming to Canada, because their dollar would then be worth no more in Canada than at home.

Encourage imports and possibly civilian consumption of imported goods, thereby taking away money from the war effort.

Upset certain exporting industries which have based their plans for months ahead on the presumption the exchange rate would remain at its present level.

Two examples of industries which might be affected adversely are gold mining and newsprint. The exchange premium has now become a stable part of the income of these industries. If it were taken away quickly, without giving time for adjustment, it would cause considerable unsettlement. The same thing would happen to any other industries that ship in volume to the United States. The resulting disturbance would have a bad effect on life insurance.

Many of the life companies that do business in the United States operate there almost as separate companies. They collect their premiums and pay their claims in United States dollars. They are required by law to maintain with an approved depository assets in each state where they do business for the sole protection of the policyholders in that state. These assets cannot be released without the approval of the state authorities. A large part of them are in United States securities or securities payable in United States funds. Accordingly the restoration of parity would have little effect in such cases.

Moreover many insurance executives, like many of those in other lines of business, feel the stability of an exchange rate is more important than whether it is at a discount or a premium.

Discussion at Detroit?

Meanwhile curiosity is felt as to what pronouncements may be made at the forthcoming meeting of the Insurance Commissioners of the United States in Detroit. Mr. Blackall is president of the National Association of Insurance Commissioners, and some feel that in view of his remarks in Toronto the suggestion will be discussed further at Detroit.

FIRE INSURANCE WITH Dividends YEAR AFTER YEAR

Under the Northwestern Mutual plan, dividends paid policyholders in 1940 totalled $1,463,589. Since organization over $27,900,000 has been returned to policyholders.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
CANADIAN HEAD OFFICE · VANCOUVER

Automobile and General Casualty Insurance
SERVICE SAVING SECURITY
Fire and Allied Lines Written in Associated Companies
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH, Chief Agent
CONCOURSE BUILDING
TORONTO
World's Greatest Automobile Mutual

Smokers Still The Worst Offenders in Fire Losses

Smokers continue to be the greatest single cause of fires in Canada, according to figures recently released by fire prevention authorities. These fires represent roughly 30% of the total, and are three times as numerous as those caused by any other single factor.

Fires caused by smokers' carelessness in Canada numbered 13,264 in 1940 out of a total of 46,629. The value of property destroyed was $1.1 million out of a total of $22.7 millions. Accordingly it appears the majority of these fires cause relatively small monetary losses.

The second most common causes of fires was stoves, furnaces, boilers and smoke pipes. These caused 4,988 fires, just about one third the number of smokers' fires. But the loss at over $2 millions was twice as large.

Defective and overheated chimneys and flues caused 4,321 fires with a property loss of $1.2 million.

Statistics of the various causes of fires in Canada in 1940 published by the Dominion Fire Commissioner follow:

Origin of Fires in Canada, 1940

	Number of Fires	Property Loss $
Smokers' carelessness ..	13,264	1,118,605
Stoves, furnaces, etc. ..	4,988	2,057,428
Defective chimneys & flues	4,321	1,220,864
Miscel. known causes* .	3,670	1,645,378
Hot ashes, coals, open fires	2,871	410,881
Electrical wiring, etc. .	2,826	1,760,276
Matches	2,486	205,119
Sparks on roofs	1,553	512,393
Lightning	1,235	340,211
Lamps	1,022	181,159
Petroleum and products	1,020	514,023
Exposure to other fires	940	836,363
Spontaneous ignition .	357	951,228
Incendiarism	184	413,882
Motion picture films ..	16	7,242
Unknown	5,876	10,560,212
Total	46,629	22,735,264

*Explosions, fireworks, friction, hot grease metal, hot wate rpipes, etc.

New Books

France in Darkness

FRANCE, MY COUNTRY, THROUGH THE DISASTER. By Jacques Maritain. Published by Longmans Green & Co., Toronto. Price $1.75

Clear and fresh is this brief study of France in the midst of disaster, written by the great Thomist philosopher, Jacques Maritain. Unlike many other stories of the collapse of France, written by leftists to point an accusing finger at the "ruling families" or by right-wingers to put all the blame upon the Front Populaire, this volume treats of psychological factors. It reasons through toward the real truth. Belonging to no political group, Dr. Maritain writes in a non-partisan spirit. He is able to speak candidly of the bankruptcy of spirit in all the political parties, of the lack of virile leadership. "The leftists failed democracy, the rightists failed France," he says.

Of the French people themselves he writes generously—and hopefully. "Many Frenchmen, who had perhaps believed that 'the English would fight to the last Frenchman,' now see them ready to fight to the last Englishman; they must be sick at heart as they stand on the sidelines of a fight in which they would have considered it an honor to take part."

Maritain's commentary is tinged with bitterness only when he speaks of Petain, and the marshal's naive beliefs that the armistic was an arrangement between "soldier and soldier," that its terms were honorable, and that France was being punished for her sins (when Germany's grosser sins were left unpunished).

Vital Pamphlets

Stimulated by the war, the writing and publishing of pamphlets has reached a new peak in every country. Many of them are frankly propagandist in character. But others have more of an educational purpose.

The pamphlet falls somewhere between the magazine article and the full length book. It serves many purposes. A learned scholar may produce a major study of a certain subject. His audience is primarily among other scholars. But the material is often worthy of much larger distribution among the general public which cannot be induced to take the time to read or spend the money to buy larger books. A pamphlet that is a synthesis of the study of the whole or a reprint of one or two vital chapters greatly expands the author's audience. Many other pamphlets are written to boil down lengthy governmental reports or studies financed by philanthropic foundations.

One of the most useful series is the "Behind the Headlines" group of pamphlets published jointly by the Canadian Association for Adult Education and the Canadian Institute of International Affairs, at 10 cents. Three of the most recent titles are "Dynamic Democracy," by Philip Charles and John W. Holmes, a study of Social Reform in the strategy of war; "How We Get Our World News," by Carlton McNaught, a digest of his recent book on the subject; and "If Thine Enemy Hunger," reprinting recent addresses by Gilbert E. Jackson on the subject of using food surpluses as a weapon to win hungry Europeans to our cause.

Oxford University Press is handling in Canada a series of 10 cent pamphlets published in the United States by Farrar and Rinehart under the heading of "America in the World War."

Recent titles are "Food or Freedom," a study of the blockade by William Agar; "The Isolationist Illusion and World Peace," which is a chapter from James P. Warburg's forthcoming book; "German Youth and the Nazi Dream of Victory," by E. Y. Hartshorne; "Germany, Then and Now," a comparison of Hitler's Germany and pre-great war Germany by Alonzo E. Taylor; "Aircraft Production and National Defence," by T. P. Wright; and America's Maginot Line," by Helen Hill, a strong presentation of the case against isolationists.

There are now 42 titles in the very excellent series of "Oxford Pamphlets on World Affairs," also published at 10c. The two newest titles are "The Jewish Question," by James Parkes, a study in anti-Semitism; and "Germany's 'New Order'," by Duncan Wilson, which exposes the pretensions of the newest Nazi propaganda line."

Points to Real Benefit For Insured Soldiers

Newton F. Lander Analyzes Effect of War Clause in Presidential Address at Life Insurance Officer Association Meeting

Although the war clause in new policies limits the benefits payable under new policies on soldier's lives, the soldier does derive real benefits from insuring his life, Newton F. Lander, retiring president of the Canadian Life Insurance Officers Association, stated in his presidential address at the annual meeting in Toronto last week.

Mr. Lander, who is also managing director of the Continental Life Insurance Co., summarized the benefits as follows:

(1) Full coverage is granted while the insured is located within the "Home Areas," as defined in the war clause (except for death due to travel or flight while engaged in air service in the armed forces).

(2) In the event of death outside the "Home Areas" benefits payable are at least as great as the amount of pay paid in premiums. The limited benefits so payable consist of the return of all premiums paid, less dividends paid in cash, with interest at 3%.

(3) Six months after return to the "Home Areas" the full sum assured is available in the event of death, even though the policyholder's health may be seriously impaired at that time.

Leave of Absence

While most of the group insurance policies in force when war broke out, he said, provided that coverage of an employee would cease when he left his employment, most contracts also permitted the employer to continue the protection on employees enlisting, by granting them leave of absence. As group premiums are subject to adjustment from time to time, the life companies undertook to tell their group policyholders that while they were free to continue the coverage on employees enlisting, the cost might increase substantially if many employees did enlist. Many employers, according to Mr. Lander, have assumed the extra cost and continued the insurance on enlisted employees. New group contracts, however, provide that any insured who leaves his company's service to join the forces is considered to have terminated his service with the company and not to have taken leave of absence. Accordingly his coverage under the group policy automatically ceases.

Mr. Lander, however, emphasized that where an employer has not continued group insurance the employee at the time of termination has the right to convert his group insurance to an ordinary policy which will contain a war clause but does not require medical evidence of insurability.

New Officers

Officers of the association for the coming year were elected as follows:

G. W. BOURKE, actuary, Sun Life of Canada, president.

JOHN G. PARKER, joint general manager, Imperial Life Assurance Co., first vice-president.

H. W. MANNING, joint general manager, Great West Life, second vice-president.

M. J. SMITH, president, Equitable Life Insurance Co. of Canada, honorary treasurer.

The WAWANESA
Mutual Insurance Company
Organized in 1896

Assets	$2,894,436.70
Surplus	1,513,855.65
Dominion Gov't Deposit	1,041,353.86

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Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
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Mr. Motorist YOU ARE LIABLE—
BE SURE YOU ARE ADEQUATELY PROTECTED—
Insure with
THE GENERAL ACCIDENT GROUP
357 BAY ST., TORONTO

UNUSED FOUNDRY BECOMES PROFITABLE INVESTMENT
Change Effected by GYPROC WALLBOARD

7,000 square feet of Gyproc Wallboard as ceiling, a few partitions and a new cement floor have brought an astonishing change in an unused moulding shop in Toronto.

Once a liability to its owners, it has become a clean, modern building suitable for other types of manufacture. It has become a revenue-producing asset.

—That's just one example of how G.L.A. can turn a white elephant into money-making real estate. Perhaps you are faced with the same problem—then let G.L.A. find the solution. For every construction, decorating or re-building job, there is a G.L.A. product to meet the problem on hand. And because G.L.A. has gained a widespread reputation for fine quality products it has earned the confidence of the building trades of Canada.

G.L.A. PRODUCTS INCLUDE:
- Gypsum Plasters
- Gypsum Fireproofing and Structural Materials
- Chemical Lime
- Insulating Materials
- Lime Products
- Acoustical Materials
- Gyproc Wallboard and Lath
- Interior and Exterior Stucco
- The "Alabastine Line" of Decorating Materials

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GYPSUM, LIME and ALABASTINE, CANADA, LIMITED
VANCOUVER CALGARY WINNIPEG TORONTO MONTREAL

Commenced Business 1906
MONARCH LIFE ASSURANCE COMPANY
A PROGRESSIVE CANADIAN COMPANY

THE DOMINION LIFE ASSURANCE COMPANY
This Company's financial strength and the accumulated experience of over half-a-century enable it to serve well the insuring public.
ESTABLISHED 1889 — HEAD OFFICE — WATERLOO ONTARIO

AMONG THE PIONEERS
SUN LIFE of CANADA
ASSURES SECURITY

FIRST POLICY ISSUED 1871

GROUP INSURANCE SOLVES THE EMPLOYER'S PROBLEM

The death of an employee, probably after a long and costly illness, is an all too frequent problem. Almost 40% of all employees have no life insurance at all and dependents look to you, as an employer, for assistance. You find it difficult to refuse help, but the cost of such assistance over a period of years is substantial.

Many employers have found that Great-West Life Group Insurance is a real saving. It continues the employee's income to his family during the difficult months of adjustment. It solves the employer's problem.

Get in touch with a Great-West Life man. The Group Department of his company will be glad to submit a plan adapted to the needs of your business.

The GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE — WINNIPEG, CANADA

Banking

Bank Deposits Expand Despite Higher Taxes

Savings and Demand Deposits Rise — Loans Are Lower But Investments Increase for Both Month and Year

Although many have been paying higher income taxes in advance by installments, and more have been buying War Savings Certificates, savings deposits in the chartered banks have been increasing.

Total savings deposits in Canada, according to the monthly return of the chartered banks to the Minister of Finance as at April 30, were over $1.7 billions. This is $4.8 millions above the preceding month and $36 millions above the same date last year. It provides a huge reservoir from which much of the money being invested in the current war loan will come.

Demand deposits also were higher at $1.1 billion, up $77.4 millions from the previous month and $295.3 millions from the previous year. The figure at the end of April is the highest on record and reflects the activity in business.

Government Deposits Drop

Deposits of the Dominion Government with the chartered banks declined $12.9 millions from the preceding month and $37.7 millions from last year. The Dominion's deposits rose sharply in January and February as a result of the short term financing done through the banks at the beginning of the year. Much of this money has since been spent.

Provincial government deposits were higher for both the month and the year, probably the result of tax receipts.

Current loans in Canada, while higher than a year ago were down $3 millions from the previous month, a contra-seasonal decline. The amount of borrowing from the banks has been lower than was expected in many quarters. Many large concerns have sufficient cash reserves on hand to enable them to meet their immediate needs without loans from the banks.

Canadian call loans and loans to the provinces and municipalities were lower in both monthly and yearly comparisons. Total loans were down $9.3 millions from March but $14.6 millions above April, 1940.

Investments Rise

With loans tending downward during the month, the banks, seeking employment for their funds, increased their investments by over $54 millions. Compared with last year they were $228 millions higher.

The Financial Post Credit Index, which is the ratio of current and call loans to demand and savings deposits in Canada, was lower for both the month and the year.

The banks' cash position remained strong, total of cash items being up $29.7 millions from the previous month and $44.3 millions from 1940.

Use of Bank Credits in Canada
(In Millions of Dollars)

	April 1941	March 1941	Change	April 1940	Change
Loans	1,140.1	1,149.8	—9.7	1,125.5	+14.6
Investments	1,820.3	1,776,0	+54.3	1,591.8	+228.5
Total	2,960.4	2,915.8	+44.6	2,717.3	+243.1
Deposits	2,835.5	2,753.2	+82.3	2,504.1	+331.4
Credit index*	36.8%	38.1%	—1.3%	39.4%	—2.6%

*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

ASSETS

Immediately Available Liquid Assets	April 1941 $	March 1941 $	Change $	April 1940 $	Change $
Canadian coin	7,106,603	6,911,597	+195,006	5,414,777	+1,691,826
Bk. of Can. notes	89,327,319	80,615,795	+8,711,524	61,573,803	+27,753,516
Bk. of Can depos.	228,848,332	207,997,352	+20,850,980	213,910,188	+14,938,144
Bank's cash	325,282,254	295,524,744	+29,757,510	280,898,768	+44,383,486
Other banks' notes	2,824,666	3,278,676	—454,010	4,836,897	—2,012,231
Gold & sub. coin abd.	3,110,623	2,857,510	+253,113	3,880,004	—769,381
Foreign banks	198,373,901	182,599,025	+15,774,876	183,132,154	+15,241,747
Foreign curr.	28,762,798	28,912,096	—149,298	30,714,627	—1,951,829
Gov. sec. short term	784,833,517	739,716,431	+45,117,086	615,712,001	+169,121,516
Do., long term	791,750,340	787,264,916	+4,485,424	691,279,166	+100,471,174
Call loans abroad	42,553,424	49,508,336	—6,954,912	57,014,418	—14,460,994
	2,177,491,523	2,089,661,734	+87,829,789	1,867,468,035	+310,023,488
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	91,835,026	92,058,929	—223,903	99,030,310	—7,195,284
Public secs.‡	56,233,547	51,509,228	+4,724,319	71,382,978	—15,149,431
Other secs.	95,704,334	95,456,724	+247,610	114,404,230	—18,690,896
Can. call loans	31,250,327	35,110,370	—3,860,043	54,028,747	—22,778,420
Current loans	1,012,157,670	1,015,263,785	—3,106,115	934,261,407	+77,896,263
Loans abroad	135,319,595	131,881,809	+3,437,786	148,817,976	—13,498,381
Prov. loans	11,616,544	12,267,397	—650,853	17,300,790	—5,684,246
Mun. loans	85,039,346	87,087,654	—2,048,308	119,909,726	—34,870,380
	1,519,156,339	1,520,635,896	—1,479,507	1,559,136,164	—39,979,775
Other Assets					
Non-current loans	5,680,680	5,791,289	—110,609	8,086,903	—2,406,223
Real estate	6,898,515	7,049,221	—150,706	7,629,505	—730,990
Mortgages	3,557,031	3,518,431	+38,600	4,011,731	—454,700
Premises	70,576,370	70,643,757	—67,387	71,952,275	—1,375,905
Letters of credit	81,557,277	75,758,360	+5,798,917	59,832,371	+21,724,906
Loans to comp.	10,721,278	10,876,603	—155,325	11,065,013	—343,735
Other assets	2,013,124	2,158,527	—145,403	2,527,498	—514,374
	181,004,275	175,796,188	+5,208,087	165,105,296	+15,898,979
Total	3,877,652,187	3,786,093,818	+91,558,369	3,591,709,495	+285,942,692
Note circ. dep.	4,844,145	4,840,785	+3,360	5,080,767	—236,622
Int. bank bal.	136,612,682	119,037,885	+17,574,797	134,867,123	+1,745,559
Gross	4,019,109,014	3,909,972,488	+109,136,526	3,731,657,385	+287,451,629

LIABILITIES

To the Public	April 1941	March 1941	Change	April 1940	Change
Circulation	81,377,405	83,467,245	—2,089,840	89,171,887	—7,794,482
Dom. Govt.	141,731,216	154,641,560	—12,910,344	179,439,353	—37,708,137
Prov. Govt.	86,385,461	64,441,142	+21,944,319	59,011,466	+27,373,995
Deposits by Public					
Demand dep.	1,127,961,630	1,050,469,802	+77,491,828	832,598,639	+295,362,991
Savings dep.	1,707,557,890	1,702,704,381	+4,853,509	1,671,538,370	+36,019,520
Total	2,835,519,520	2,753,174,183	+82,345,337	2,504,137,009	+331,382,511
Foreign dep.	427,891,261	410,771,610	+17,119,651	467,114,635	—39,223,374
Due to Banks Abroad, Etc.					
United Kingdom	21,981,713	24,417,891	—2,436,178	24,274,627	—2,292,914
Foreign	29,673,672	29,896,432	—222,760	35,811,633	—6,137,961
Bills payable	15,666	15,079	+587	187,159	+171,493
Letters of credit	81,557,277	75,758,360	+5,798,917	59,832,371	+21,724,906
Other liabs.	5,267,494	5,260,364	+7,130	4,380,755	+886,739
Total pub. liabs.	3,711,400,685	3,601,843,866	+109,556,819	3,423,360,895	+288,039,790
Due bet. banks	11,567,841	9,316,913	+2,250,928	10,735,882	+831,959
Liability to Shareholders					
Dividends	2,815,768	1,525,350	+1,290,418	2,744,396	+71,372
Reserve	133,750,000	133,750,000	....	133,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	4,005,034,294	3,891,936,129	+113,098,165	3,716,091,173	+288,943,121

‡Other than Canadian.

I. O. F. Membership Shown at 121,000

Reports presented at the quadrennial session of the Supreme Court of the Independent Order of Foresters showed the society to have a membership of 121,000 with assets of over $43 millions.

During the four-year term 19,979 death claims were presented, over $14.2 millions being paid to beneficiaries in Canada, the United States and the British Isles. During the same period 9,452 sick claims were received and $274,000 paid in sick benefits. Officers elected for the next four years were:

FRANK E. HAND, Toronto, supreme chief ranger.
VICTOR MORIN, Montreal, past supreme chief ranger.
J. J. ROSSBOTTOM, New York City, supreme vice-chief ranger.
J. F. LANG, Toronto, supreme secretary.
PERCEY B. FALLIS, Toronto, supreme treasurer.
DR. C. B. PARKER, Toronto, supreme physician.
NORMAN SOMMERVILLE, K.C., Toronto, supreme counsellor.

Supreme Councilmen

E. A. JONES, Chicago.
F. E. HAND, Jr., Toronto.
W. W. DUNLOP, Toronto.
DR. G. H. BECKER, San Francisco.
N. RAE BLIGHT, Toronto.

Banking Debits Show Increase

Larger Business Volume Offset Somewhat by Reduced Speculative Activity

Continued activity in Canadian business is reflected in larger payments by cheque through the chartered banks. These bank debits in April totalled $3 billions, an increase of $46 millions or 1.6% over the previous year.

Increases were recorded in three of the economic areas, percentage gains being as follows: Maritimes, 10.1; Ontario, 4.6; and British Columbia, 4. Quebec was down 0.7% and the Prairies, 4.4%.

Total clearings for the first four months of 1941 at $11.3 billions were nearly 3% higher than in 1940. Gains were shown in the same three economic areas as for April, the gains per cent being: Maritimes, 4.4%; Ontario, 12.3% and British Columbia, 1.2%. Quebec was down 6.7% and the Prairies 3.7.

Decline in speculative trading offset, to some extent, the effect of increases in general business and employment.

Debits to Individual Accounts

	Apr. 1941	Mar. 1941	Apr. 1940
	—Millions of $—		
Maritimes—			
Halifax	41.9	40.1	38.9
Moncton	11.2	10.8	9.3
Saint John	20.6	20.8	18.7
Total	73.7	71.8	66.9
Quebec —			
Montreal	736.7	709.3	753.4
Quebec	75.6	89.8	66.4
Sherbrooke	8.9	7.9	7.3
Total	821.2	807.1	827.2
Ontario—			
Brantford	12.7	11.5	9.6
Chatham	9.2	8.3	8.9
Fort William	8.0	7.4	5.3
Hamilton	81.9	82.2	68.3
Kingston	7.8	7.2	6.8
Kitchener	17.0	15.3	14.1
London	37.8	33.8	33.0
Ottawa	242.1	252.3	229.7
Peterborough	8.9	7.7	7.1
Sarnia	6.8	5.6	5.7
Sudbury	6.6	7.2	7.4
Toronto	891.4	862.6	889.6
Windsor	59.3	56.6	42.3
Total	1,389.8	1,358.0	1,328.2
Prairies—			
Brandon	3.6	3.1	2.8
Calgary	71.9	63.2	54.1
Edmonton	48.5	47.2	40.5
Lethbridge	5.3	4.5	4.3
Medicine Hat	3.1	2.6	2.2
Moose Jaw	9.9	6.9	8.0
Prince Albert	3.2	3.2	2.6
Regina	54.8	32.1	35.7
Saskatoon	12.1	10.5	10.2
Winnipeg	303.2	251.3	378.9
Total	515.9	424.5	539.5
British Columbia—			
New Westminster	8.6	8.3	6.7
Vancouver	143.1	136.7	141.7
Victoria	31.6	31.6	27.9
Total	183.4	176.7	176.3
Total for Canada	2,984.1	2,838.1	2,938.3

Bank of Canada Assets Lower

Investment Holdings Down Slightly—Deposit Liabilities Also Decline

A decline of $7 millions in assets is shown in the Bank of Canada statement for the week ended May 28. The recession was mainly in investments, which were down $5.6 millions, and in holdings of sterling and United States exchange, which were $2.3 millions lower. Miscellaneous assets were up almost $800,000.

On the liability side, total deposits fell almost $7.6 millions, most of the drop being in deposits of the chartered banks. The money probably was used to buy bonds which the Bank of Canada was selling. Note circulation showed a moderate rise.

	May 28 1941 $	May 21 1941 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	377,633,119	375,733,879
Rest fund	3,722,910	3,722,910
Depos.: Dominion	74,114,799	73,356,068
Bank	209,863,494	215,650,690
Other	5,147,955	7,758,533
Total deposits	289,126,248	296,765,291
All other liabs.	4,520,341	5,879,748
Total liabs.	680,002,618	687,101,828
Assets		
In sterl. & U. S.	189,588,314	191,813,314
Subsid. coin	724,538	762,399
Investments:		
Dom. gov. short	360,965,230	367,825,195
Other Dom. gov.	121,338,282	120,077,639
Total invest.	482,303,512	487,902,834
Premises	1,780,726	1,736,260
All other assets	5,605,528	4,886,021
	680,002,618	687,101,828

Weekly Bank Clearings

	May 29 1941 $	Change Year Ago %	May 22 1941 $
Halifax	3,131,590	+29.7	3,786,657
Saint John	1,952,857	+11.5	2,416,987
Moncton	773,417	+13.8	895,024
Quebec	4,438,262	+1.8	4,596,513
Montreal	85,276,082	+10.8	101,533,763
Ottawa	27,700,741	+33.4	43,741,079
Kingston	598,253	+10.3	753,314
Sherbrooke	877,273	+8.2	812,894
Peterborough	516,512	+10.5	699,178
Toronto	89,918,668	—2.1	139,282,170
Hamilton	6,526,347	+38.7	6,794,472
Kitchener	1,023,190	+11.0	1,249,369
Brantford	836,289	+12.8	996,899
London	2,117,516	+2.0	2,701,935
Chatham	454,200	—9.6	635,808
Windsor	3,467,361	+37.1	3,911,110
Sarnia	385,811	+40.1	535,863
Sudbury	1,311,973	+3.2	981,553
St. Catharines	1,360,618	....	1,167,910
Fort William	1,089,750	+101.4	1,309,585
Winnipeg	43,059,114	—29.1	59,110,902
Brandon	353,807	+30.4	445,383
Regina	4,151,253	+2.0	5,860,558
Moose Jaw	540,698	+35.3	720,356
Saskatoon	1,216,806	+7.9	1,573,248
Prince Albert	315,939	+4.5	402,697
Edmonton	4,250,266	+29.1	5,369,408
Calgary	6,341,339	+72.2	6,795,540
Lethbridge	430,507	+15.0	577,021
Medicine Hat	221,315	+19.3	305,897
N. W'minster	756,963	+17.2	743,888
Vancouver	14,511,391	—3.4	19,987,639
Victoria	1,578,116	+2.9	1,944,999

Monthly Bank Clearings

	May 1940 $	May 1941 $
Halifax	13,507,833	16,078,181
Saint John	9,793,149	10,480,218
Moncton	3,471,815	3,855,756
Sherbrooke	3,917,480	4,114,880
Quebec	23,378,602	22,697,863
Montreal	459,199,550	480,217,946
Ottawa	214,855,459	309,016,771
Peterborough	2,590,319	2,966,652
Toronto	529,070,273	537,771,039
Hamilton	24,851,154	32,474,577
Kitchener	5,756,648	5,618,638
Brantford	4,427,623	4,729,584
London	11,992,468	11,728,870
Sarnia	1,964,117	2,289,794
Sudbury	4,844,968	4,892,925
Fort William	3,145,593	5,077,501
Winnipeg	354,734,535	268,100,015
Brandon	1,447,499	1,796,917
Saskatoon	6,467,100	6,872,954
Prince Albert	1,588,583	1,752,505
Edmonton	18,437,060	23,006,481
Lethbridge	2,117,321	2,427,309
Medicine Hat	990,094	1,249,179
New Westminster	3,108,642	3,559,204
Vancouver	74,215,123	78,072,891
Victoria	8,089,161	8,117,087
Moose Jaw	[illegible]	[illegible]

ELECTED DIRECTOR

Arthur Cross, president of Dominion Steel & Coal Corp., has been elected a director of Canada Steamship Lines Ltd.

C. P. R. Earnings Near '29 Peak

From Our Own Correspondent

MONTREAL.—Gross and net earnings of Canadian Pacific Railway Co. in April were the second best for that month in the company's history, exceeded only by April, 1929.

Gross in April was $16.7 millions, a gain of $4.6 millions over April, 1940. Working expenses were up $3.4 millions, leaving net earnings of $3.1 millions, compared with $1.9 million.

Four Months Earnings Up

In the first four months of the year gross earnings amounted to $62.1 millions, compared with $47.7 millions. Net earnings increased from $7.2 millions to $11.7 millions.

Operating Statement

April:	1941 $	1940 $
Gross earnings	16,654,790	12,043,924
Less: Oper. expenses	13,505,625	10097,844
Net earnings	3,149,165	1,946,080
Four Months Ended April 30:		
Gross earnings	62,067,450	47,681,443
Less: Oper. expenses	50,397,879	40,432,875
Net earnings	11,669,571	7,248,568

SECOND INTER-STATE

From Our Own Correspondent

MONTREAL.—Second Inter-State Royalty Corp. has informed the Montreal Curb Market that at March 31 investments in oil royalties had a book value of $224,283. Gross revenue from royalty income since acquisition totalled $50,293 to Feb. 28. Reserve for depletion totalled $13,831.

VICTORY LOAN 1941

The Government calls for funds to carry on the war and the IMPERATIVE need for these funds cannot be over-stressed.

This Bank is glad to add its voice in urging both the necessity for the loan and the good business investment to be obtained in the loan.

THE BEST SECURITY AVAILABLE IS YOUR GOVERNMENT BOND.

Canvassers for Canada's war loan will call on you shortly. It will facilitate Canada's war effort if you will respond promptly and to the fullest extent of your ability.

IMPERIAL BANK OF CANADA

Fraternal Association Elects New Officers

Officers of the Canadian Fraternal Association for 1941-42 have been elected as follows:

ROBERT LEWIS, secretary Sons of Scotland, president.
DR. HECTOR CYPIHOT, president Alliance Nationale, vice-president.
CLAIR JARVIS, head consul commander, Canadian Woodmen of the World, secretary-treasurer.
R. LEIGHTON FOSTER, K.C., general council Canadian Life Insurance Officers Association, counsellor.
DR. J. M. LAFRAMBOISE, chief medical examiner, L'Union St. Joseph du Canada, representative on executive.
DR. CHARLES PARKER, secretary medical board, Independent Order of Foresters, chairman medical section.
ARTHUR C. POWELL, field superintendent, Canadian Order of Chosen Friends, chairman fieldmen's section.

Canadian Locomotive Receives Large Order

MONTREAL.—Canadian Locomotive Co. has received an order for 20 steam locomotives from Canadian Pacific Railway Co. at an approximate cost of $2.4 millions.

Unemployment Shrinks In Newfoundland

Recipients of unemployment relief in Newfoundland in April declined to 39,822 from 60,914 in the same month last year. There were 26,144 employables receiving relief this year, and 13,678 unemployable persons. This compares with 45,496 and 15,418, respectively, in April last year.

Cost of relief was $80,705 in April this year, compared with $124,127 in the corresponding month last year.

MIGHTIER YET!

● The democratic powers have far greater resources of war materials than the Axis countries.

The margin of the democracies in foods is 2 to 1 : : : in textile fibres and in fuels, about 3 to 1 . . . in minerals, 4 to 1.

The overpowering material forces of the democracies are now being mobilized fully for Victory.

The Canadian Bank of Commerce puts forward all its facilities to ensure the success of Canada's "Victory Loan 1941".

1. If time is required to pay for Victory Bonds this Bank will lend you the money for a period of six months at low rates, the cost of carrying the loan being covered by the interest on the bonds.

2. This Bank will accept delivery of the Victory Bonds on your behalf whether you pay for them in full or desire to borrow against them. Simply tell the authorized canvasser through whom you place your subscription that you want to take delivery of your bonds through us.

3. Safety Deposit Boxes, or adequate safekeeping facilities, are available at all branches of the Bank for protection of your Victory Bonds and other valuables, at low cost.

THE CANADIAN BANK OF COMMERCE

RT. HON. SIR THOMAS WHITE, G.C.M.G., CHAIRMAN OF THE BOARD

S. H. LOGAN, President A. E. ARSCOTT, General Manager

The UNEMPLOYMENT INSURANCE PLAN

To the Employer...

Contributions to the Unemployment Insurance Fund become payable as from July 1st, 1941.

Contributions are made by the employer and the employee, and are paid by the purchase of Unemployment Insurance stamps by the employer from the Post Offices.

The employee's contributions are deducted from his wages by the employer.

Stamps will be affixed to a special book, called the Insurance Book, by the employer. The book is the employee's record of contributions, and when he becomes unemployed it forms the record from which insurance benefits may be paid. Full details will be sent to you when you have returned the postcard attached to a form which is now in the mails.

The plan of procedure has been adopted after consultation with employer and employee, associations and is one which has been based upon thirty years' experience in Great Britain.

The Dominion Government adds 20% to the combined employee-employer contributions, and in addition, pays the administration costs which include the operation of a National Employment Service for the convenience of employers and employees.

Contributions are payable by all persons while in employment and by their employers, with the exceptions listed in the panel below.

The first duty of every employer will be to REGISTER WITH THE COMMISSION by completing the postcard attached to a form which is now in the mails, and obtaining and issuing insurance books for all his employees. If there is doubt as to whether your employees, or any of them, are insurable, ask for instructions when you return the postal card. If you do not receive a form through the mail go to the nearest Post Office and ask for one. **All employers must complete registration prior to June 14th, 1941.**

The Commission feels that it can be assured of the full cooperation of all employers. Nevertheless, attention is drawn to the fact that registration is compulsory and any failure to register is an infraction of the law and is subject to penalties.

HON. NORMAN A. McLARTY, Minister of Labour

THE UNEMPLOYMENT INSURANCE COMMISSION, OTTAWA, CANADA

Employers, all of Whose Employees are in One or More of the Employments Listed Below, Need Not Register

1. Agriculture, horticulture and forestry.
2. Fishing.
3. Lumbering and logging, exclusive of wood-processing mills and plants reasonably continuous in operation.
4. Hunting and trapping.
5. Transportation by water, or by air, and stevedoring.
6. Domestic service in a private home.
7. Employment in a hospital or charitable institution not carried on for gain.
8. Professional nursing for the sick or as a nurse-probationer.
9. Teaching, including teachers of music and dancing.
10. Members of the armed forces or policemen in the public service.
11. Service in the Government of Canada unless brought in by special rulings.
12. Service in a government of any province unless the government of a province agrees to you being insured.
13. Service under any municipal authority if said authority certifies that employment is permanent in character.
14. Agents paid by commission, or fees, or share of profits, if this is not the main means of livelihood and if the employee is not under a contract of service giving the employer control over how and when the service shall be performed.
15. At a rate of remuneration exceeding $2,000 in a year. (All tradesmen employed in the building construction industry are to be insured).
16. Casual employment, otherwise than for the employer's regular business.
17. Subsidiary employment, not the main means of livelihood.
18. When the employed person is in the service of his or her husband or wife.
19. Where no wages are paid and the employee is the child of the employer.
20. Where wages are paid for playing any game.
21. Any employment where ordinarily employed
(a) for less than four hours a day, or
(b) by more than one employer but less than four hours a day for any one of them, or
(c) if only available for employment in insurable employment for not more than two days in any week.

40-54A

THE UNEMPLOYMENT INSURANCE COMMISSION
OTTAWA CANADA

Canada's Most Ambitious War Industry

Research Enterprises — From Scratch to Production in 8 Months

By GUY S. CUNLIFFE
Staff Writer, The Financial Post

The most complex and most ambitious of Canada's new war industries has been created from scratch and put into active operation in little more than eight months. Rivalling the results of years of evolution elsewhere it is now turning out finely balanced scientific instruments that enable guns to "see."

The guns of modern war must have eyes. The gunners must know what way, how far and—most vital for war in the air—when to shoot. The eyes of the guns are delicate devices of metal and glass and electric impulses, with a hair-trigger precision far beyond the natural powers of the human eye.

Production of these amazing fire control instruments, never before attempted outside a few leading countries, has now started in Canada. Complete units of certain types have already been turned out, by an entirely new industry which had only plans on paper as a nucleus last fall.

Now up to 85% of objective, operations within six weeks will swing into production of a complete range of instruments and all main components, from optical glass to special radio gadgets. On some phases midsummer operations will represent only initial production. But by the end of the year output in all divisions will have been stepped up to peak proportions, with volume about double that slated in the next month or so.

All-Canadian Project

These notable results in so short a time, in perhaps the most difficult and intricate phase of Canada's war supply effort, are being attained by a single, self-contained, all-Canadian undertaking. All of the varied but equally complex operations of the project are centralized in the Toronto suburban plant of Research Enterprises Ltd. This is one of the companies set up by the Government to handle war jobs too formidable for private industry to tackle.

In other countries the work being carried out by Research Enterprises is spread among three or four highly specialized industries and involves separate and distinct operations even more numerous. The onset of war, of course, brought about vast expansion in the operations of these industries abroad, but at least there was a well-established nucleus in every case for extending output.

Particularly in regard to optical glass, peacetime production was relatively limited to meet the demand for cameras, eyeglasses, binoculars, scientific instruments such as microscopes, and — to a negligible extent—military fire control devices. There were very few major dependable sources of optical glass and precision products using it—in England, France, Germany and the United States, to a lesser extent in Belgium and Czecho-Slovakia.

War conditions not only jumped the demand for optical glass as much as 100,000 times, but cut off from the democracies all but two sources. England required all she could get—and more—from her own tremendously expanded optical industries. And need of the U. S. defense programme has quickly absorbed the full capacities of American production.

New Source Needed

The fall of France, the speed-up of Canada's war supply programme and the spreading scope of the U. S. defense plans, intensified the pressure on Canada to find—or create—a new source of optical equipment. Otherwise there might be a lack, increasing as the war effort gained momentum, of the special glass and fire-control devices. These are required for training, to equip the guns of Canadian active service forces at home and abroad, and to supplement Britain's own sources of supply.

Decision to meet this need from a new industry to be developed within Canada, by Canadians, allotted to Research Enterprises an imposing task. With only the slightest foundation of operation or experience in this country the company had to create at high speed the equal of several new industries in one.

Since the project got under way its scope and importance have been practically doubled. The original job of producing glass, lenses, and optical and mechanical fire control equipment, is fully equalled by an additional project taken on by the company. This involves the production of highly specialized devices which are quite different in structure and content from a production standpoint.

The expanded project resulting from addition of this special work to the programme involves a total capital outlay of over $4 millions for buildings, equipment and other assets required to start operations. Volume of orders booked by Research Enterprises already stands at many millions, and this may be substantially raised in the near future. The increased co-ordination of democratic resources in meeting war supply problems, in particular the close collaboration between Canada and the U. S., may not only lead to larger orders but require expansion of plant and equipment.

Buildings completed and under construction cover five acres of the 16-acre plant site near Toronto.

Four Main Phases

The operations of Research Enterprises fall broadly into five main phases:

1. Production of optical glass, requiring exceptionally high standards of skill and control; and the intricate cutting, grinding and polishing operations to turn the glass into lenses and prisms.

2. High precision metal working of hair-line accurate parts and their assembly into finished fire-control instruments, both optical and mechanical.

3. Both parts manufacture and assembly of radio equipment. . . .

4. Co-ordination and co-operation with Canadian radio, electrical and automotive industries to supply large volumes of components required by the company.

5. Checking and testing of completed instruments. Requiring a high degree of technical skill and accuracy, this ranks close in importance to actual production work.

To Make Glass Soon

Actual output of optical glass is not yet under way, though preliminary stages are well advanced and production is slated to start the end of June. Cutting, grinding and polishing is already in progress, temporarily using glass obtained elsewhere. One section of the plant has in hand the manufacture of the special clay pots, which must be dried three months before being finally baked, for the primary stage of glass making.

As the pots are made of virtually the same ingredients as those used in turning out glass, one of the trickiest problems in the project is control of the heat to fuse the materials into glass without breaking the pot.

The machining and assembly of metal units is well into the initial stages, with production of the necessary tools, gauges, jigs, proving models, etc., virtually completed. The main machine shop unit has been turning out a certain line of instruments for several weeks and will extend operations to others in coming weeks.

The delicate precision required in the metal working section requires the technique and skill of an instrument shop or a research laboratory, rather than the machine shops usually found in the metal industries. The accuracies required in cutting, polishing and gauging the parts must be exact down to one ten-thousandth of an inch. Some of the work must be done to the delicacy of one tenth of one ten-thousandth of an inch.

Small But Complex

The task is magnified by the great number of parts in each instrument. Most of the devices are small enough to be carried in the palm of the hand and are certainly no bigger than a husky man's fist. One such instrument, for instance, has 300 separate parts and requires from 1,500 to 2,000 separate operations in manufacture.

The range of instruments being made includes gun sights, dial sights, sighting telescopes, periscopes (for tanks), range finders, automatic fire control devices. Also to be produced are clinometers, for measuring vertical angles, and stereoscopes, for plotting air photos.

While the bulk of the plant buildings is completed and the building programme six months ahead of schedule, several buildings have yet to be finished to round out the facilities of the enterprise. At the present rate of construction they should be ready within another month or so.

Handled by Canadians

A notable feature of the Research Enterprises project is that it has been brought to fruition entirely by Canadians and is now swinging into production with an all-Canadian staff, apart from a few key men from England. From Lieut.-Col. W. E. Phillips, the president, down through the board of directors, the executive, technical and supervisory staffs, the personnel is wholly Canadian.

Among the highly skilled key production men, such as toolmakers, instrument makers, and workers in the glass division, there are several English experts and others are expected from England shortly.

In view of the high degree of specialized skill required in nearly all phases of operations, officials are gratified with the extent to which they have been able to draft Canadians to staff the project. The technical group alone accounts for a good 20% of the total payroll and production workers rated as highly skilled account for another 40%—much higher proportions than usually found in regular industry.

It is expected that Canadians will continue to form the great bulk of the staff as the enterprise expands during the next half year. Present payroll is about 750 and is slated to swell to 1,000 in June, 2,000 by next December.

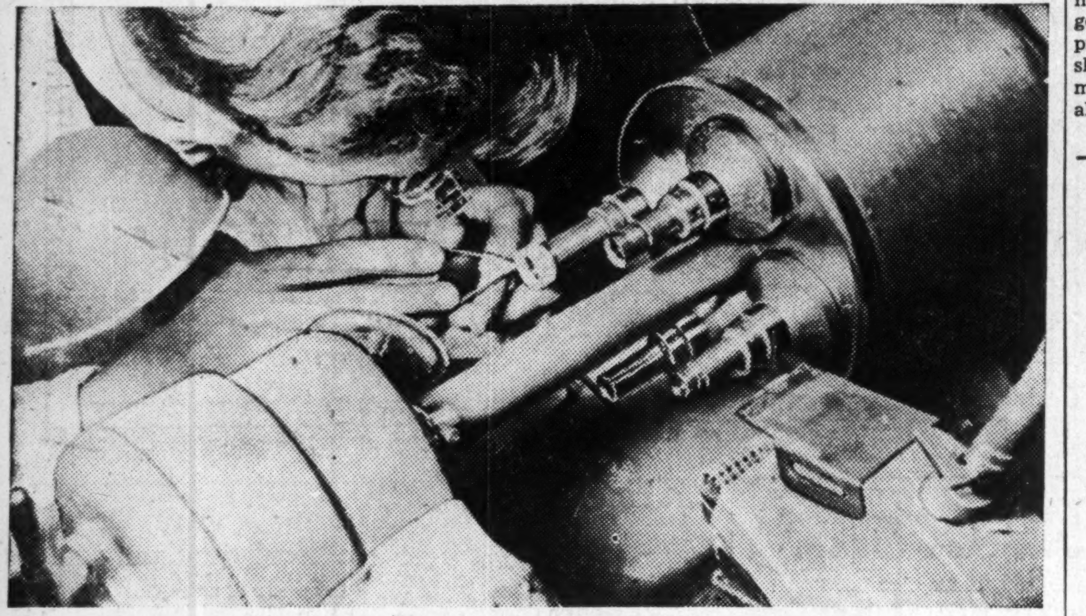
Assisted by Experts

In developing the new industry and engineering it into production the company has relied extensively on both the expert advice and direct assistance of the National Research Council, University of Toronto scientific departments, and industrial technicians from the United States. In building up the labor force the company has drawn on the existing glass, optical, mechanical and watchmaking industries in Canada, technical services of various private companies, and graduates from special courses in technical schools and universities.

Radio amateurs have been lined up to work on the radio equipment operation. For the optical and instrument divisions men have been found who formerly worked in the optical industries in England but drifted into a wide variety of other businesses after coming to Canada.

As far as raw materials are concerned, no difficulty has been experienced in obtaining virtually all of them from sources in Canada or elsewhere on this continent. Efforts are now being made to develop Canadian sources for some of the more unusual products required.

It is essential that the materials used, especially in the glass, be of the highest quality. Optical glass must be as close to perfect as it is possible to get in clarity, homogeneity of structure, and uniformity of refractive qualities. On top of the careful production process, which requires a week of cooling after the 24-hour melting of the raw materials, the glass must be annealed to remove all strains in the substance and give it an absolutely even quality for the delicate grinding work.



High precision metal machining, accurate to one ten thousandth of an inch, is essential in making military optical instruments. Here is an operator working on a centring machine at the Toronto suburb plant of Research Enterprises Ltd., Government war company, where production of these instruments and other fire control apparatus recently got under way.

Candn. Celanese To Pay Extra on Common

From Our Own Correspondent

MONTREAL.—Directors of Canadian Celanese Ltd. have declared the regular quarterly dividend of $1.75 a share on the 7% participating preferred stock, payable June 30 to shareholders of record June 16. Regular common dividend of 25 cents a share is to be paid at the same time, along with an extra payment of 25 cents. Common dividends disbursed in 1940 totalled $1.90 a share, of which 90 cents represented extra payments.

Your Dollars Serve Twice

Every Canadian has two financial duties — both for emergencies.

He backs his love for his country by lending the Government savings to help win the war.

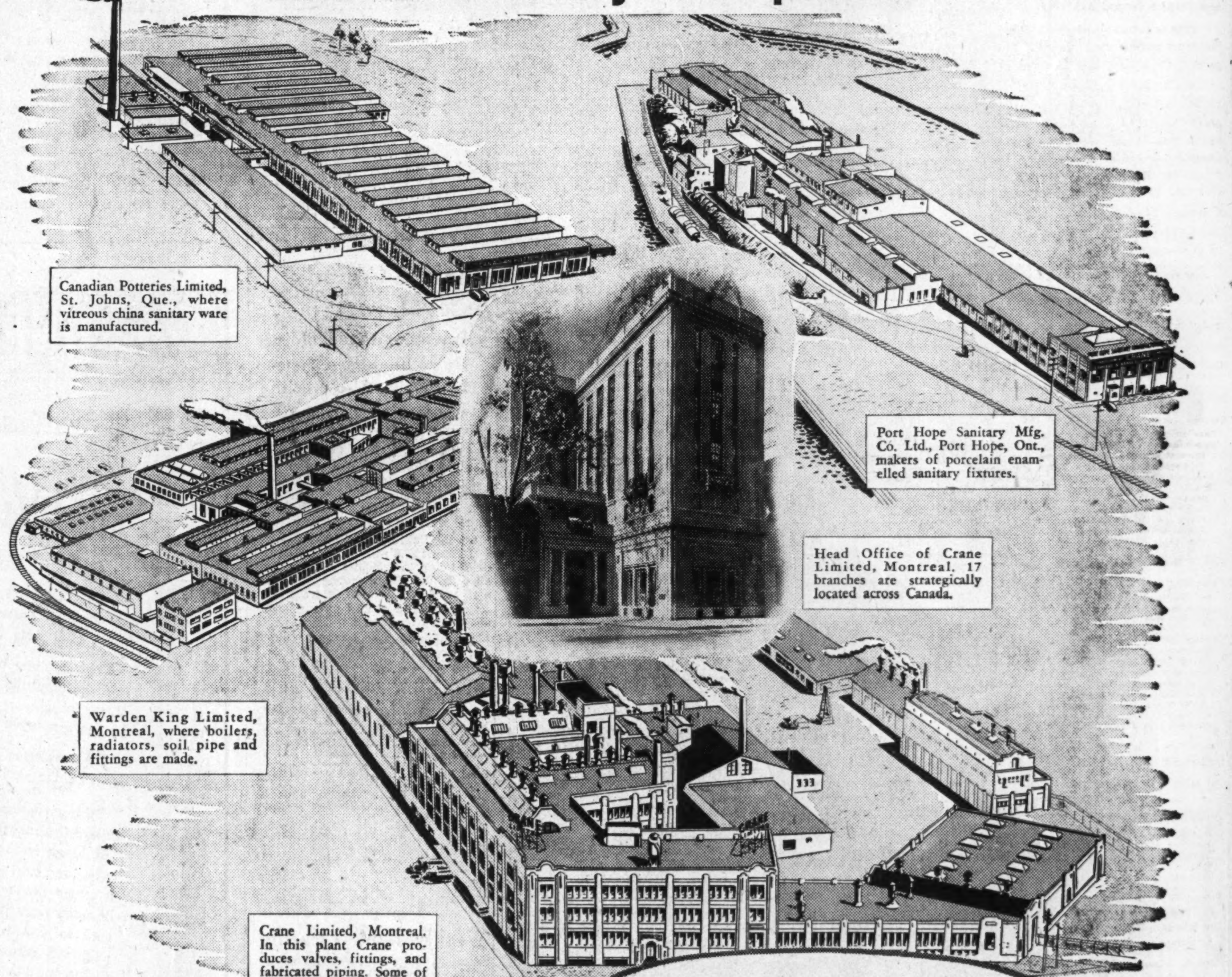
And he backs his love for his family by guaranteeing them income if he should die.

Will you fulfil these urgent duties TODAY?

When every dollar counts, let an Equitable Life representative explain how to get maximum advantage from your insurance investment. And remember that when you protect your family with insurance, the Company in turn invests your funds with the Government to protect your country against its enemies.

PROTECTION
THE EQUITABLE LIFE
INSURANCE COMPANY OF CANADA
HEAD OFFICE — WATERLOO, ONTARIO

CRANE LIMITED
and Subsidiary Companies



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FABRICATED PIPING
•
VITREOUS CHINA AND PORCELAIN ENAMELLED FIXTURES
•
PLUMBERS' BRASS
•
CAST IRON BOILERS AND RADIATORS
•
CAST IRON SOIL PIPE AND SOIL PIPE FITTINGS
•
ACCESSORIES

CRANE
4 Point War Programme

First, to supply all Canadian industry with the valves, fittings and fabricated piping vital to its operation.

Second, to utilize our plant capacity to the utmost in filling the Government's munitions requirements.

Third, to furnish plumbing and heating materials for army camps and workers housing.

These three must take precedence

★ ★ ★

Fourth, as in peacetime, to guard the nation's health with adequate plumbing and heating equipment for home and institutional use.

Crane's four plants and Crane's workers are putting everything into this four-fold task. It is their contribution to Canada's all-out war effort.

CRANE LIMITED: HEAD OFFICE:
1170 BEAVER HALL SQ., MONTREAL

Branches and Warehouses in 18 cities in Canada and Newfoundland

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Cut the Cost
of Removing Dust and Dirt from Your Building

STURTEVANT VACUUM CLEANERS

— are made expressly to do a speedy and complete job of cleaning.
Outstanding features:—High suction, large volume, efficient filter action, low maintenance cost and large storage capacity.
Write for literature and prices.

UNIT HEATERS
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INDUSTRIAL VACUUM CLEANING SYSTEMS

BLOWERS
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VENTILATING AND DIRT COLLECTION SYSTEMS

Sturtevant
AIR HANDLING EQUIPMENT
Write for literature
THE B. F. STURTEVANT CO. OF CANADA LIMITED
Factory — Galt, Ont. Sales Offices — Toronto, Montreal
ESTABLISHED 27 YEARS IN CANADA — 76 YEARS' EXPERIENCE

RED DEER BRAND

BIRCH and HARD MAPLE FLOORING

"This name has long been associated with High Grade Hardwood Flooring and Northern Hardwoods; Spruce and Hemlock."

The MUSKOKA WOOD MFG. CO., Limited
HUNTSVILLE - ONTARIO

Montreal Share Value Lower In April

From Our Own Correspondent

MONTREAL.—Shares listed and traded on the Montreal Stock Exchange and Montreal Curb Market had a value of $3,717 millions at April 31, a loss of $356 millions from March and comparing with $4,073 millions at the end of April last year.

All groups but four of 20 listed declined in April from the previous month. The bond group also declined in April. Total of all listing at April 31 amounted to $6,835 millions, compared with $7,196 millions at the end of March and $7,349 millions at April 31, 1941.

THE

WABASSO COTTON COMPANY

LIMITED

ANNUAL REPORT

BOARD OF DIRECTORS

C. R. WHITEHEAD, President
HUGH MACKAY, K.C., Vice-President
NORMAN J. DAWES WM. HARTY HON. LUCIEN MORAUD, K.C.
W. TAYLOR-BAILEY W. J. WHITEHEAD

Directors Report to the Shareholders

Gentlemen:—

The financial position of your Company at 3rd May, 1941, and the results from operations for the year ended that date are shown by the accompanying Balance Sheet, Profit and Loss and Surplus Accounts.

Profits for the year amounted to $568,215.52 after providing for depreciation and reserve for Government taxes and compares with profits last year of $576,861.84.

Net Capital additions during the year amounted to $590,172.04, including the cost of a new boiler house and two high pressure integral type coal steam generators and supplementary equipment. These installations are required to assure your Company of an adequate supply of steam previously generated by the use of surplus electrical energy which is no longer available due to the demand of industries engaged in war work.

Your Directors again commend and express their appreciation of the loyal and co-operative effort and support of the officers and employees in conducting the affairs of the Company.

Respectfully submitted on behalf of the Directors.

(Signed) C. R. WHITEHEAD, President.

Three Rivers, Que., 23rd May, 1941.

BALANCE SHEET

As at 3rd May, 1941

ASSETS

Current Assets:			
Cash on Hand and in Bank		$ 480,034.74	
Dominion of Canada and Provincial Bonds, with Interest accrued—less Reserve (Approximate Market Value $916,916.19)		829,828.69	
Accounts and Bills Receivable, less Reserve		937,931.15	
Inventories, as determined and certified by the Management — Raw Cotton, partly manufactured and manufactured stock, at cost or market value whichever was the lower, less Reserve. Supplies and Chemicals at average cost and not over replacement value		1,520,254.67	
			$3,768,049.25
Cash in Hands of Trustee for Bondholders			5,000.00
Property:			
Real Estate, Buildings, Plant, Machinery, etc., at cost, less amounts written off		10,108,056.06	
Less: Reserve for Depreciation		5,773,722.74	
			4,334,333.32
Investments:			
Marketable Securities: Bonds and Common Stock of Canadian Companies with interest accrued (Approximate Market Value $41,296.36)		38,833.59	
Non-Marketable Securities: 5,500 Shares St. Maurice Valley Cotton Mills Ltd.—Common Stock being the whole issue		221,160.26	
Sundry Investments		8,100.00	
			268,093.85
Deferred Charges:			
Unexpired Insurance, Prepaid Taxes, etc.			58,882.85
			$ 8,434,359.27

LIABILITIES

Current Liabilities:			
Accounts and Bills payable		$ 465,285.94	
Operating Expenses and Accrued Wages		87,230.29	
Provision for Government and Municipal Taxes		1,146,650.62	
Bond Interest Accrued		23,485.62	
4% First Mortgage Bonds due 1st February, 1942		175,000.00	
			$ 1,898,102.47
Deferred Liabilities:			
For Machinery and Equipment Purchases and Plant Alterations			200,729.18
First Mortgage Bonds:			
Authorized	4,400,000.00		
Issued: Series "A" 4% Serial Bonds dated 1st, February 1936 — maturing $175,000,000 in each of the fifth to twelfth years	$ 1,400,000.00		
Less: Bonds matured and Bonds maturing 1st February, 1942	350,000.00	1,050,000.00	
4½% Fifteen Year Bonds dated 1st February, 1936		1,000,000.00	2,050,000.00
Capital Stock:			
Authorized: 105,000 Shares of No Par Value.			
Issued: 69,903 Shares fully paid			2,000,000.00
Earned Surplus:			
General Reserve		500,000.00	
Balance as at 3rd May, 1941		1,785,527.62	
			2,285,527.62
			$ 8,434,359.27

(Signed) C. R. WHITEHEAD, HUGH MACKAY } Directors.

Montreal, 22nd May, 1941.

Verified as per our Report of this date.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON, Chartered Accountants, Auditors.

Profit and Loss Account

For the Year Ended 3rd May, 1941

Net Profit for the year ended 3rd May, 1941, before providing for the undernoted items		2,215,524.24
Revenue from Investments		42,687.50
		$ 2,258,211.74
Depreciation on Property and Plant	$ 47,951.89	
Bond Interest	100,638.27	
Directors' Fees	6,920.00	
Legal Fees	1,660.67	
Executive Salaries	38,003.35	
Provision for Government Taxes	1,067,822.04	
		1,689,996.22
Net Profit for the year transferred to Surplus Account		$ 568,215.52

EARNED SURPLUS ACCOUNT

As at 3rd May, 1941

Balance at Credit 27th April, 1940	$ 1,357,118.10
Net Profit for the year ended 3rd May, 1941	568,215.52
	$ 1,925,333.62
Deduct: Dividends Paid	139,806.00
	$ 1,785,527.62

Winning the Aluminum Race

Canada's Output of Vital War Metal Climbs—But Problems

From Our Own Correspondent

MONTREAL. — Phenomenal war expansion in Canada's aluminum production capacity is placing Canada in a position of world dominance. Dominion production in the current year will be larger than either United States and Germany, the world's two major producers, in the last peace year of 1938. Output this year, in fact, will be nearly on a par with combined production of these two countries in 1938.

No single contribution of the Dominion to the support of Britain is more important than the manufacture of this common metal. It is a tenuous industrial front line, running from the tropical bauxite mines to torrid pot rooms and humming power plants of Canada.

Production has developed into a two-sided battle — with Germany and its vassal states on one side, and Canada and the United States on the other. In the grim struggle output has doubled, tripled and nearly quadrupled.

The democracies must boost capacity higher and higher if Britain is to obtain air superiority.

In the modern air force, planes contain from 25% to 75% of their total weight of aluminum. A light or medium bombing plane contains from 6,000 lb. to 10,000 lb. of the metal. And this offensive weapon is being made larger all the time. Britain is switching to the offensive and needs increasing numbers of heavy bombers.

Output Figures Secret

Actual output of aluminum is a closely guarded secret. No reliable figures of German production have been issued since 1934. Current Canadian figures are estimated but not official. U. S. statistics will be more restricted in the future.

Indicated, however, from available data is the following production of the three major producing nations in the current year:

Germany*	1,000,000,000 lb.
U. S. A.	675,000,000 lb.
Canada	500,000,000 lb.

*Includes occupied countries.

Canada has risen to third position in recent years. Since 1938 the gap between the two leaders and the Dominion has been narrowed.

In 1938 aluminum production was in this order:

	Million lb.
Germany	358.8
U. S. A.	289.1
Canada	122.1
U. S. S. R.	97.5
France	95.5
Norway	62.2
Switzerland	62.2
Italy	57.3
U. K.	53.3
Japan	28.9
Austria	10.0
Sweden	4.0
Hungary	3.3
Jugoslavia	2.9
Spain	1.8

From 1938 to 1941 Germany has increased aluminum available by 150%. Canada increased production by 310%, while U. S. output is up 134%.

Officially it was announced Canadian capacity, developed over 40 years, was more than doubled in an 11-month period, and continues to soar upward.

Production of aluminum in Canada is in the hands of one organization, Aluminum Co. of Canada Ltd. The company maintains two smelting plants—at Arvida and Shawinigan Falls, Que., in addition to several fabricating plants.

90% of Metal Exported

About 90% of Canadian raw aluminum has been exported. Shipped to about 60 countries, it netted Canada $24 millions in 1938.

When war appeared on the horizon in early 1939 a gradual expansion programme was started, but subsequent developments have swept the original scheme into insignificance.

In March, 1940, Aluminum Co. of Canada Ltd. undertook the second step in its expansion programme in co-operation with the British Government. Operations were stepped up all along the line from the bauxite mines in British Guiana to the Canadian smelting and fabricating works. At the same time the company contracted to sell its output to the British Minister of Supply for 1940 and 1941.

The Canadian development programme is much larger than anything originally conceived and the full development of the industry cannot be considered as set at the levels now contemplated. The only ceiling is imposed by electrical energy available.

Scope of present activity is indicated, however, by the recent announcement of R. E. Powell, president of Aluminum Co. of Canada, that sufficient aluminum is now being produced to manufacture 50,000 planes annually. This is the objective set by President Roosevelt for 1942.

It would indicate on the generally accepted average of 6,000-10,000 lb. of aluminum used for each plane, present output of between 400 million and 500 million lb., probably nearer to the latter figure.

Corroborating this estimate is the fact that after the first expansion programme, undertaken in 1939, production reached 200 million lb. annually. This has been more than doubled, it has been stated, increasing capacity to more than 400 million lb.

Germany is still well ahead of its two competitors. It got the jump years ago and has managed to remain well out in front. Its gigantic armament programme used virtually all of German output. Its new appendages, Jugoslavia, Greece, Austria, Italy, France, have given the Reich rich deposits of bauxite. But combined Canadian and U. S. production is greater than German.

Canada Retains Position

The exact figure of German capacity is, of course, a secret, but it is believed that with its newly acquired resources production can be pushed much farther, depending upon electrical energy available, man power and shipping. It is generally believed that production in 1942 will not be over 1,200 million lb.

United States is expected to produce 878 million lb. in the same year.

Canada may reach 700-800 million lb.

Uses 1/6 the Electricity Generated

Largest obstacle in any of these countries to rapid development of productive facilities is the prodigious amount of power used in smelting the ore. The Hall process uses 12 kw.h. of electricity for each pound of aluminum and one sixth of all electrical energy generated in Canada is being used for aluminum production.

Electrical energy used by Aluminum Co. is twice the amount used in all Canadian homes.

The tremendous capacities now being built up will have far-reaching repercussions upon the industry after the war.

Severe dislocation of markets is being experienced by Aluminum Co. of Canada Ltd. Its normal outlets have now almost entirely disappeared. No longer is aluminum being used in Canada in pots and pans and other products. The 60 markets the company had opened up for crude aluminum have now entirely disappeared.

Marketing aluminum for the duration of war will present no difficulties. Britain has contracted for the entire output, and now the United States is to receive $63 millions of the metal as one phase of the Hyde Park agreement.

This will not disrupt the production schedule for Britain. Further expansion will be made to Aluminum Co.'s plants, to cost approximately $60 millions.

Provides U. S. Dollars

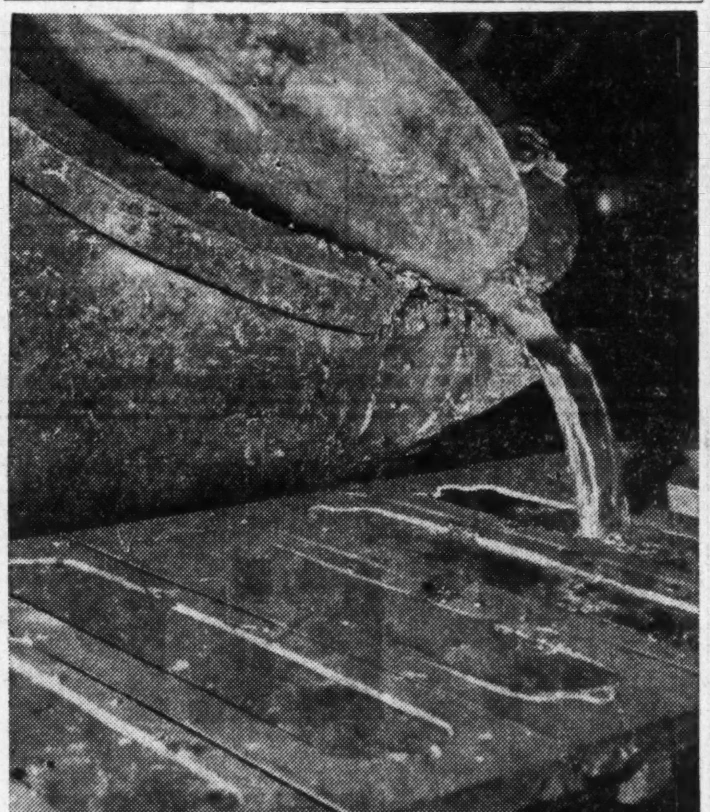
In addition to supplying aluminum for U. S.-built planes for Britain, the deal will provide Canada with essential U. S. dollars.

From Aluminum Co.'s standpoint the unfortunate concomitant of the production race is that while it is building up a tremendous capacity here, competitor nations are doing likewise.

The numerous appendages to the Greater Reich are being developed into first-class producers, and within or out of Germany will provide competition for Canada after the war. The world supply of raw aluminum has been nearly quadrupled and will be still more plentiful before the war has run its course.

The only answer to what to do with surplus production is to develop new markets and to find new peacetime uses for the metal.

In addition to these two steps it will be necessary to reintroduce aluminum to commercial users. Here is a typical case. For many years Aluminum Co. of Canada promoted and eventually prevailed upon a large automobile manufacturer to use aluminum piston heads. When aluminum was diverted to war use, the automobile company had to substitute cast iron parts. This occurrence has been duplicated in many cases, and represents fields that will have to be reconquered after the war.



The white metal goes into almost every kind of military equipment — and it makes 25% to 75% weight of modern military airplane.

Current Trends Of Construction

Trends of construction activity in Canada last month and so far this year, analyzed according to chief categories of projects started, are shown in the following tabulation by The Financial Post from the monthly building statistics of MacLean Building Reports:

CONSTRUCTION CONTRACTS AWARDED

First Five Months

	1941	1940	—Change—	
	— Millions of $ —			%
Residential	34.6	24.0	+10.6	+44
Business	31.1	28.1	+3.0	+11
Industrial	42.8	14.3	+28.5	+200
Engineering	21.1	19.8	+1.3	+6
Total	129.7	86.3	+43.4	+50

May Totals

	1941	1940	Change	%
Residential	13.0	8.6	+4.5	+52
Business	9.0	11.3	—2.3	—20
Industrial	13.7	2.4	+11.3	+470
Engineering	5.1	5.8	—0.7	—12
Total	40.8	28.1	+12.7	+45

Details of May Awards

	1941 $	1940 $
Apartments	1,136,600	629,800
Residences	11,841,500	7,933,100
Total residential	12,977,800	8,562,900
Churches	515,200	272,600
Public garages	235,000	384,900
Hospitals	281,200	3,840,500
Hotels, clubs	232,400	543,600
Office bldgs.	364,100	445,900
Public bldgs.	3,480,300	2,740,200
Schools	1,032,100	1,249,400
Stores	1,535,400	1,103,000
Theatres	457,600	115,700
Warehouses	883,400	628,200
Total business	9,016,700	11,324,000
Total industrial	13,740,800	2,405,900
Bridges	487,600	495,000
Dams, wharves	28,000	17,500
Sewers, w'mains.	220,700	144,100
Roads, streets	1,972,000	5,036,800
Gen'l. engin'g.	2,432,000	107,600
Total engineer'g.	5,140,300	5,801,000
GRAND TOTAL	40,875,600	28,093,800

Comparative Record First Five Months

1941 .. $129,719,100 1939 .. $58,249,600
1940 .. 86,338,500 1938 .. 59,727,100
1937 .. $80,006,200

Bathurst Business At Higher Levels

From Our Own Correspondent

MONTREAL. — Sales of Bathurst Power & Paper Co. in the current year are running well ahead of the same period last year, R. L. Weldon states.

Earnings before Dominion and provincial income "excess" profits taxes also show improvement over the same period of the preceding year.

Geological Survey Makes Big Drive For War Metals

Field work which will comprise the mapping and examination of many thousands of square miles of mineral areas throughout the Dominion is being undertaken this year by the Mines and Geology Branch, Dominion Department of Mines and Resources. Assigned to the work are 27 geological parties, several of which are already in the field, and nine topographical parties.

Feature of the programme is the investigation to be made of possible commercial sources of tungsten, chromite, and manganese, three of the strategic minerals, the production of which in Canada has been small. The importance of gold in the war effort is emphasized by the several projects designed to guide prospectors in their search for the metal and to aid in the development of deposits. The largest project is the exploration of a 40,000-square mile area lying east of James Bay in Quebec.

Two of the geological parties will operate in the Northwest Territories, one in Yukon, six in British Columbia, four in Alberta, one in Saskatchewan, one in Manitoba, two in Ontario, six in Quebec, one in New Brunswick, and three in Nova Scotia. Two of the topographical parties have been assigned to British Columbia, two to Alberta, three to Quebec, and two to Nova Scotia.

In British Columbia

Five parties to map areas in which deposits of mercury, chromite, gold, copper, and other minerals occur. Total area, approximately 15,000 sq. miles. Another party will re-examine the geology of an important gold producing area.

Areas and geologists assigned are:

A. H. Lang, east half of the Manson River area; west half, J. E. Armstrong—to study mercury deposits in west half.

C. S. Lord, McConnell Creek area.

W. E. Cockfield, east Ashcroft area; H. M. A. Rice, east Hope area.

A. F. Buckham, Barkerville gold belt.

A. C. Tuttle and R. J. Parlee, the Aiken Lake area in central B.C.

Alberta

B. R. MacKay, Wawa area, Coalspur and Brazeau.

H. H. Beach, Marble Mountain area north of Red Deer River, and adjoining Limestone Mountain.

J. S. Stewart, Bassano area and adjoining Steveville.

C. O. Hage, Dyson Creek area.

J. A. Macdonald will map the Cardston area.

H. A. S. West will map Pincher Creek.

Saskatchewan

G. M. Furnival to complete mapping a 4,500 square mile area, the southwest corner of the Province.

Manitoba

J. D. Bateman, to map Tartan Lake area adjoining Flin Flon.

Ontario

T. L. Tanton, iron ore possibilities of Steeprock Lake area.

J. F. Caley, oil and gas fields, southwestern Ontario.

Quebec

The geological and topographical exploration of the 40,000 square mile region east of James Bay is one of the largest projects undertaken by the Mines and Geology Branch in recent years. The area extends from the coast of James Bay east about 200 miles and from Fort George River south about 200 miles. The purpose is to produce an exploratory map; to outline areas favorable for prospecting; to indicate the main travel routes. G. Shaw and J. Carroll in charge of geological and topographical mapping, respectively.

E. D. Kindle is to map the 3,200 sq. mile Brock River area, about 145 miles north of the Transcontinental line and south and west of Mistassini Lake.

M. E. Wilson, Rouyn township as guide to gold development.

G. W. H. Norman, Bourlamaque and Louvicourt townships, and a portion of Dubuisson, which form eastern part of main gold-bearing belt in western Quebec.

C. H. Stockwell, southeastern Quebec—chromite.

J. W. Ambrose, chromite, northeast from Vermont-Quebec border.

H. N. Spence, detailed mapping of Bourlamaque and Louvicourt townships and the northeast quarter of Dubuisson township. Air photography.

W. B. Dingle, Mount Tremblant area, proposed park area, also for pulp and paper industry and tourists.

New Brunswick

F. J. Alcock will supervise prospecting for manganese along the northwestern flank of Caledonia Mountain.

Nova Scotia

L. J. Weeks, mapping the Londonderry and Bass River areas.

W. A. Bell, the salt-bearing strata in the zone from Malagash Point west to Cumberland Basin at the head of the Bay of Fundy. The Malagash deposits are the source of all of Nova Scotia's output of salt and they are the only deposits in the Dominion being mined by quarrying methods.

R. T. D. Wickenden will aid Dominion Department of Agriculture in field studies of soils in Nova Scotia, New Brunswick, and Quebec.

Northwest Territories

A. W. Jolliffe, Gilmour Lake area about 50 miles due east of Yellowknife settlement as an immediate source of scheelite, an ore of tungsten.

J. F. Henderson: mapping McKay Lake area.

Yukon

H. S. Bostock, mapping McQueston area near Keno. Rocks in the area contain tungsten, silver, lead, and other minerals.

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WINNIPEG, MAN.

THE EIGHTH DECENNIAL
Census of Canada
June 2, 1941

THE Census is the stock-taking of the nation — of its men, women, and children; its agriculture, trade, and industry; its housing, and general social condition. By it, all Governments, — Dominion, Provincial and Municipal—are enabled to work more effectively and economically in the interest of every resident of the Dominion.

IN these days of increasing Government responsibilities, no Government can give the best service unless it has detailed and accurate knowledge of the people and their varying circumstances. That is why we request the co-operation of all Canadian citizens in the taking of the Census. When the Government's Enumerator calls at your door, receive him courteously and give him all the information for which he asks.

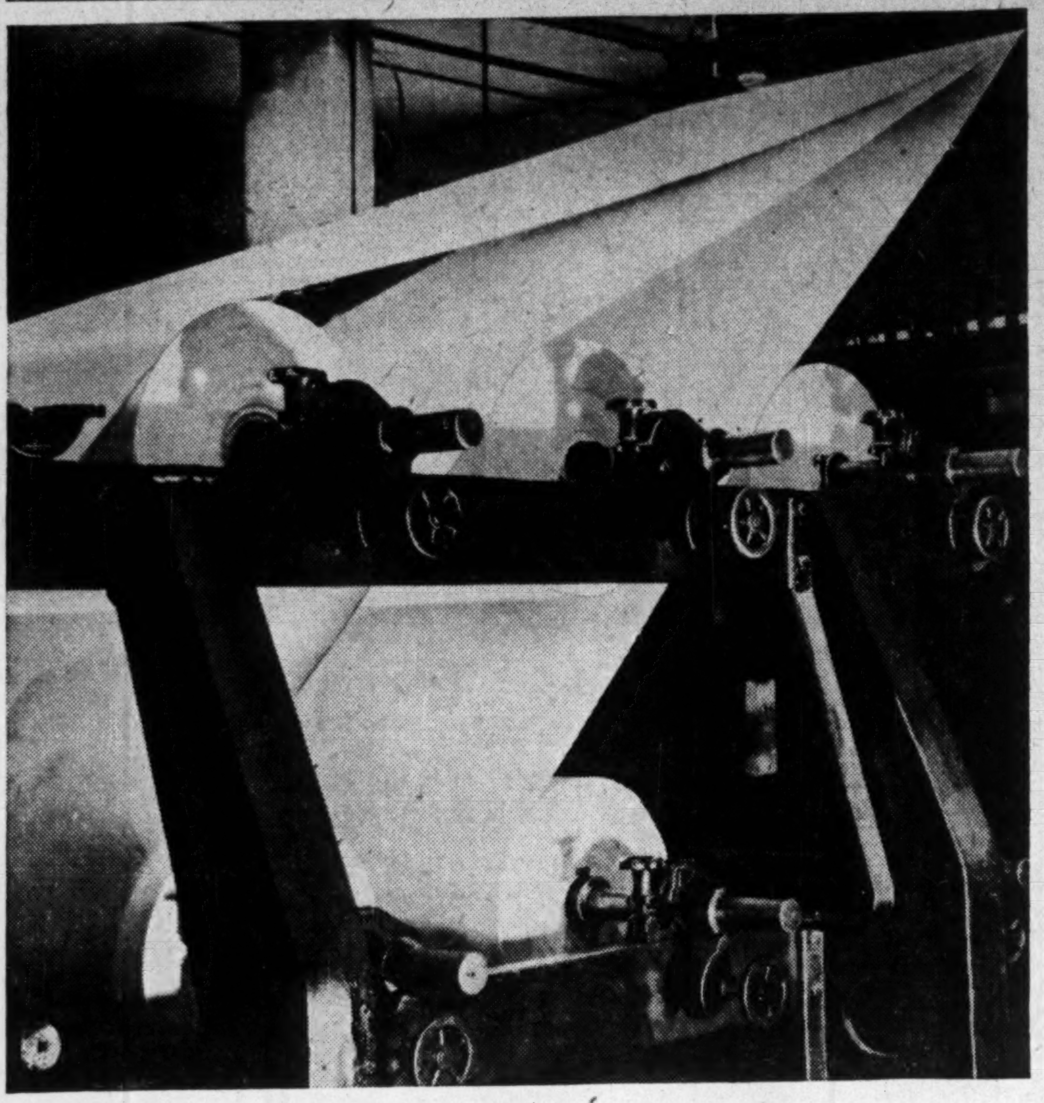
Remember that he is in your service. Accuracy and despatch in your replies will promote good administration in your country, now under stress of war and facing crucial post-war reconstruction.

ALL INFORMATION SUPPLIED HELD STRICTLY CONFIDENTIAL

You can place absolute trust in the official Enumerator, who is sworn to secrecy. *All the information which you provide will be held in strictest confidence both by him and the Dominion Bureau of Statistics, and can never be used against you by any tax-collecting, military, or other agency, or in any court of law.*

It is *compulsory by law* to answer the questions, but you will be assisting your Government in these difficult times by giving the information *readily and accurately* in the spirit of good citizenship.

Issued by authority of The Honourable JAMES A. MacKINNON, M.P., *Minister.*
DOMINION BUREAU OF STATISTICS - DEPT. OF TRADE AND COMMERCE



Canadian newsprint production in April this year was more than 4% higher than the same month last year and Canadian newsprint exports were up more than 7%. Big factor in the continuing increase is the decline in United States imports of European pulp, now almost disappeared.

Continue Price But Hint Rise

International Paper Holds Third Quarter Price

From Our Own Correspondent

MONTREAL. — International Paper Co. has announced that current domestic newsprint prices, now fixed through June, will be extended to the third quarter to Oct. 1. Current price is $50 a ton to New York, Chicago and Atlantic and Gulf ports.

Major Canadian newsprint producers are expected to follow International Paper Co.'s lead. Practice in the past has been to follow International Paper's price without public announcement.

R. J. Cullen, president, states that while current price for newsprint has not been changed since war began, steadily increasing costs of manufacture and transportation is becoming a problem.

Price has remained unchanged at the $50 base level since the beginning of 1938 and current extension will carry the price to an unbroken period of three and three quarter years.

Price Boost Augury?

Mr. Cullen stated when price was extended for the first quarter of the current year increased volume of production was largely responsible for the company's ability to absorb higher costs of labor and material. Current announcement that increased costs constitute a problem would appear to augur reconsideration of price policy in the final quarter.

Canadian manufacturers have experienced rising costs of transportation, material and labor but the exchange premium of 10% on U. S. funds has permitted them to retain prewar price levels.

Rising costs, however, threaten to wipe out this advantage and Canadian producers would probably be agreeable to making some adjustment in the fourth quarter.

Newsprint production in the first four months of the current year was about 5% ahead of the same period last year, and 1940 was the most satisfactory year since 1937 from a volume standpoint. The industry has kept prices from soaring to maintain consumption and the results obtained would appear to justify the correctness of that premise.

JAMES W. SEWALL
Ruttan Block, Port Arthur, Ont.
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER

Hold Pulp Prices In Third Quarter

From Our Own Correspondent

MONTREAL.—Prices of chemical and specialty pulps to regular contract customers will be maintained at present rates by major Canadian producers during the third quarter this year, it is announced.

Prices have been maintained at prevailing levels since July 1, 1940. Canadian action follows announcement by leading United States producers that prices on three grades of chemical wood pulp will remain unchanged for the third quarter.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. Iroquois Falls, Ont.
Pine Falls, Man. Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Cons. Paper Has Cash for Interest

From Our Own Correspondent

MONTREAL. — Consolidated Paper Corp. has announced interest on the 5½% first mortgage bonds, due July 2, will be paid in cash. This was forecast by L. J. Belnap, president, at the annual meeting.

By arrangement with bondholders in 1936 interest from July 2, 1936, to July 2, 1939, was paid annually in stock, at the rate of 15 shares for each $1,000 principal amount of bonds held. Interest in the next two years could be paid in stock or cash, providing working capital exceeded $10 millions. Payment on July 2, 1940, was made in stock.

There are now $51.4 millions of the bonds outstanding. Working capital at the end of 1940 totalled $12 millions.

American Celanese Earnings at Record

From Our Own Correspondent

MONTREAL.—American Celanese Corp. reports April earnings of approximately $1.2 million after all charges and taxes, except "excess" profits tax. This is a new record for any month in the company's history. Directors have declared a 50 cent dividend on the common stock, payable June 30 to shareholders of record date June 17.

Paper Output High in U. S.

From Our Own Correspondent

MONTREAL.—According to the American Paper & Pulp Association index the paper industry operated at 100.8% of capacity in the week ended May 24, one point under the record high established in the week ended May 10. This compares with 98.8 in the previous week and 92.7 in the corresponding week last year.

Orders have levelled off, according to the Association, but continue to run well ahead of capacity. Backlog is at a record.

Paperboard production in the week ended May 24 stood at 85% of capacity, against 85% in the previous week.

Drug Merchandising War Service Programme—

Some of the valuable services provided by Drug Merchandising for the Canadian drug trade are as follows:

Providing information about new drugs and chemicals developed to replace products of which there is a shortage, or which are no longer available due to the war.

Publishing articles describing characteristics and uses of numerous new drugs and chemicals important to public health, thus encouraging wider use of more effective treatments.

Interpreting special wartime legislation to the drug trade in detail. Full understanding is necessary so that new regulations will be lived up to and followed promptly.

Reporting news of the supply situation, price trends, etc., assisting druggists and manufacturers to anticipate requirements and operate their businesses on a sound basis. Acting as a stabilizing influence in the trade, which is extremely important under present uncertain conditions.

Drug Merchandising's specialized articles on modern improved dispensaries, dispensing methods and store management, assist druggists to operate more efficiently, with a minimum of waste time and effort.

The advertising columns provide makers and distributors of drug products with the most rapid, effective and economical means of making the merits and uses of products known to the drug trade.

Drug Merchandising provides an independent, unbiased analysis of how proposed regulations affecting the drug trade are working out in actual practice.

Drug Merchandising plays a part in promoting worthy wartime movements such as—War Savings; Red Cross, etc., and explains how druggists can use their own special facilities to further these aims.

There is no source, other than its trade newspapers, to which the drug trade can look regularly for this specialized trade information.

In time of war public health and the means of maintaining it become a question of national importance. The druggist and his trade newspaper are an indispensable part of the health maintenance function.

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GEARED TO "ALL OUT" WAR EFFORT

Company Reports

Canada & Dominion

Operating earnings of Canada & Dominion Sugar Co. dropped more than $938,000 in the year ended Jan. 31, 1941, from the previous year. Investment income was reduced by over $39,000. Income taxes were nearly $480,000 higher, with the result that the net profit per share fell from $1.97 to $1.39. Depreciation charges were reduced nearly $300,000.

Working capital was practically unchanged at $16.2 millions against $16.3 millions a year ago.

Consol. Income and Surplus Account
Years Ended Jan. 31

	1941	1940
	$	$
Operating profit	3,341,555	4,279,852
Add: Invest. income	410,178	449,736
Total income	3,751,733	4,729,588
Less: Depreciation	197,939	496,700
Income taxes	1,357,500	880,000
Directors' fees	16,800	16,800
Exec. & legal fees	87,306	84,711
Conting. res.	......	300,000
Net profit	2,092,188	2,951,377
Less: Dividends	2,250,000	2,062,500
Surplus for year	*157,812	888,877
Add: Prev. surplus	2,865,050	2,026,173
Depr'n. adjust	263,151	......
Less: Pension fund	25,000	50,000
Surplus forward	2,945,389	2,865,050
*Deficit.		
Earnings per Share:		
Common	$1.39	$1.97
Paid	1.50	1.37½

Working Capital

	$	$
Current assets	18,306,912	17,925,069
Current liabilities	2,129,999	1,605,756
Working capital	16,176,913	16,319,313

Mansfield Theatre

Report of Mansfield Theatre Co., controlled by Famous Players Canadian Corp., and operating Loew's Theatre, Montreal, shows operating and net profits lower in 1940 than 1939.

Earnings on the 7%, $100 par preferred stock amounted to 55 cents against 81 cents in 1939, and dividends paid during the year totalled $3.50. Payment of $1.75 on June 30 to shareholders of record June 20 will leave arrears on the preferred stock of $52.50 per share.

Income and Surplus Account
Years Ended Dec. 31

	1940	1939
	$	$
Net earnings	31,416	32,704
Add: Int. earned	967	719
Less: Deprec.	24,974	25,032
Directors' fees	200	160
Exec. salaries	900	900
Prov. for inc. tax	2,208	1,283
Net profit	4,101	6,048
Less apropriations:		
Preferred divds.	26,250	26,250
Deficit for period	22,149	20,202
Less: Prev. surplus	78,710	98,912
Add: Inc. tax adjust.	183	......
Loss on invests.	180	......
Balance forward	56,198	78,710
Earns. per Share and Divd. Record:		
Pref.: Earned	$0.55	$0.81
Paid	3.50	3.50
Common: Earned	d4.84	d4.65
None paid.		

Working Capital

	$	$
Current assets	46,392	38,674
Current liabilities	6,275	1,776
Working capital	40,117	36,898

Robin, Jones & Whitman

Moderate improvement in operating earnings is shown in the financial statements of Robin, Jones & Whitman, Ltd., Halifax trading and fishing company, in the year ended Feb. 28, 1941. Increase of approximately $17,000 in taxes wiped out the gain of some $5,000 in operating profits.

Working capital rose some $13,000, largely as a result of an increase in accounts receivable to approximately $120,000 from $87,000 the year before. Redemption of bonds continued according to schedule, balance outstanding being reduced to $155,733 from $160,600. Dividends of $4.50 were again paid on the preferred. Arrears have now been paid up to Sept. 30, 1932.

Income and Surplus Account
Years Ended

	Feb. 28 1941	Feb. 29 1940
	$	$
Operating profit	136,878	131,942
Add: Invest. income	692	232
Less: Bond interest	9,344	9,636
Directors fees	750	750
Exec. remun.	18,640	18,640
Legal fees	260	149
Depreciation	32,082	30,234
Income taxes	27,727	10,915
Net profit	48,767	61,850
Less: Pref. divds.	38,160	38,160
Surplus for year	10,607	23,690
Add: Prev. surplus	36,721	13,031
Life ins. adjust.	2,330	......
Surplus forward	49,658	36,721
Earnings per Share:		
6% Preferred: Earn.	$5.75	$7.29
Paid	4.50	4.50
Ordinary: Earned	d0.38	1.95
None paid.		

Working Capital

	$	$
Current assets	637,056	606,588
Current liabilities	80,072	62,798
Working capital	556,984	543,790

Canadian Foreign

Financial statements of Canadian Foreign Investments Corp., whose principal subsidiary is Brazilian Portland Cement Co., show steady gross earnings in 1940. Gross for the year totalled $269,657, compared with $264,507 in 1939. Net profit totalled $220,812, compared with $220,761. This was equal to $2.02 on the common, against $1.94 in the preceding year.

H. H. Vaughan, president, states that a decided improvement developed in the exchange situation in Brazil in the latter part of 1940. The company received a substantial amount on account of amortization, interest and dividends, enabling it to redeem preferred shares without reducing quick assets.

Early this year the company obtained supplementary letters patent reducing authorized 8% preferred stock from 20,000 shares of $100 par value to 7,966 shares of $100 par value. There had been 12,034 shares of preferred stock redeemed and cancelled.

For the whole of 1940 output of all Brazilian plants continued at high level. Total shipments for the year were 4.1 million barrels, compared with 4 million barrels in 1939. This was due in part to reduction in imports from abroad. Local demand continued good and prices were maintained at a satisfactory level.

Income and Surplus Account
Years Ended Dec. 31

Revenue:	1940	1939
Brazilian Portland:	$	$
Debenture interest	88,861	99,986
Int. on advances	8,302	10,394
Share dividends	161,825	141,952
Other invests.	6,947	7,706
Exchange	3,722	4,469
	269,657	264,507
Less: Directors' fees	6,702	6,627
General expense	8,609	7,985
Exec. salaries	8,799	8,525
Legal expenses	600	100
Brazil inc. tax	23,278	19,720
Other taxes	857	789
Net profit	220,812	220,761
Less: Pref. divds.	71,806	78,072
Common divds.	102,782	102,782
Surplus for year	46,224	39,907
Add: Prev. surplus	692,556	653,099
Braz. Portland divd.	88,406	......
Disct. on shs. red.	......	650
Less: Prem. on shs. red.	4,680	......
Adjustments	......	1,100
Surplus forward	822,506	692,556

Canadian Wineries

Rise of over $16,000 is shown in working capital of Canadian Wineries Ltd., Niagara Falls, for the year ended Apr. 30, 1941. Increased taxes prevented the gain in operating earnings from being carried into net profits, which were some three cents per share less than dividend payments in the year.

By-law proposing change of name to "Chateau-Gai Wines Ltd." will be submitted to shareholders at the annual meeting. The change is designed to increase public familiarity with the company's best-known brands.

Absence of French and Italian wines from the Canadian market during the past year, combined with exclusive rights to French "Charmat" process of making champagne, sparkling burgundy and sparkling cider was a favorable influence, according to A. G. Sampson, president. Competitive position is stated to be improved by large stocks of wine held for aging.

Consol. Income & Surplus Account
Years Ended April 30

	1941	1940
	$	$
Operating earnings	125,630	117,646
Less: Directors' fees	340	480
Exec. & legal	16,698	10,669
Depreciation	35,690	34,965
Income taxes	30,823	23,414
Net profit	42,079	48,118
Less: Dividends	45,600	45,600
Surplus for year	*3,521	2,518
Add: Prev. surplus	58,047	55,529
Tax adjust.	1,587	......
Surplus forward	56,113	58,047
*Deficit.		
Earnings per Share:		
Common: Earned	$0.37	$0.42
Paid	0.40	0.40

Working Capital

	$	$
Current assets	759,761	726,268
Current liabilities	71,734	54,500
Working capital	688,027	671,768

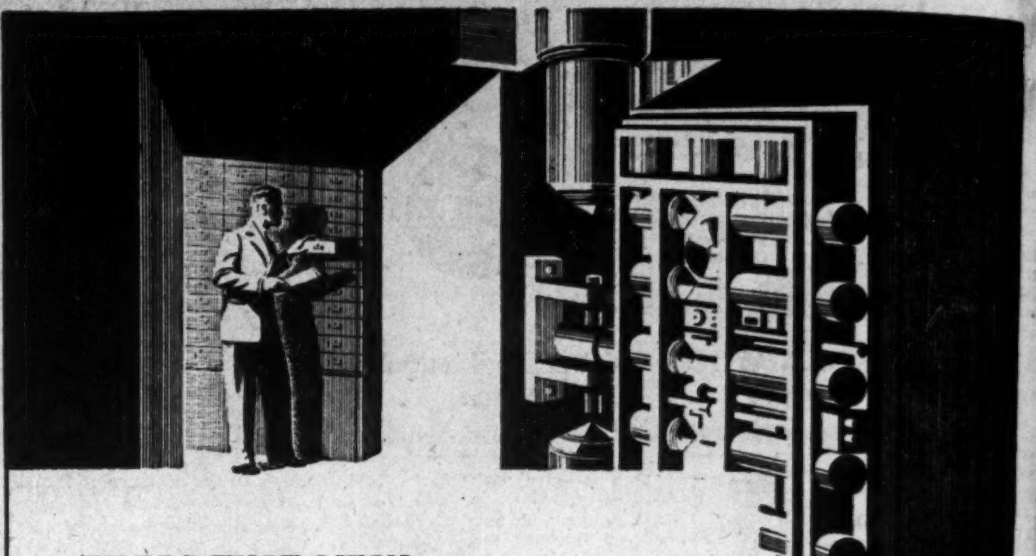
Canadian Car Declares Preference Dividend

From Our Own Correspondent

MONTREAL. — Canadian Car & Foundry Co. has declared a dividend of 44 cents a share on the 7% preference of $25 par value, payable June 30 to shareholders of record June 21.

Dividends were deferred on the stock with the quarterly payment due July 10, 1939, and commenced again with a quarterly payment of 44 cents on April 10 this year. After the June 30 payment arrears on the stock will amount to $9.56 a share.

Victor Drury, president, said at the annual meeting that the company hoped to present a plan to liquidate arrears at an early date.



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SUPERFINE
LINEN RECORD
"Canada's Finest All-Rag Bond."

Made from clean, new rags, it is immune to the toll of years and the dry rot of vaults. It holds words inviolate and beyond dispute throughout the ages. It is the chosen stationery of large corporations . . . for letterheads, policies, deeds, contracts and other legal instruments, that may affect the fortunes of future generations.

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High Grade Paper Makers Since 1882
MONTREAL
Branch Office: TORONTO, ONT. Mills at ST. JEROME and MONT ROLLAND, QUE.

Montreal Collections Establish Record

From Our Own Correspondent

MONTREAL. — Customs and excise tax collections at the Port of Montreal in May broke all preceding records for Canadian ports.

Total for the month was $16.3 millions, more than $1 million in excess of the previous all-time peak set by this port last November.

Collections during May were $3.1 millions, or 23.4% greater than the same month last year, and $1.9 million or 12.9% higher than April this year.

Canadian Wallpaper Earnings Stable

Little change in earnings is reported by Canadian Wallpaper Manufacturers Ltd. for the year ended April 30, 1941, compared with a year ago. Net profit for the 1941 year is reported at $148,889 against $151,443 the year before. This is equivalent to earnings on the combined "A" and "B" stock outstanding of $1.15 against $1.17 per share.

Subject to approval of shareholders at the annual meeting, June 23, dividends of $1 per share have been declared on "A" and "B" shares, payable July 4, 1941, to shareholders of record July 4. The same rate was paid in 1940.

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VICTORY LOAN

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Copper and Brass

ANACONDA AMERICAN BRASS LIMITED
(*Made-in-Canada Products*)

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Montreal Office:
939 Dominion Square Building

Constructors to Survey War's Effect on Building

Steps to survey the effects of war upon construction and means for industry to play an active role in post-war rehabilitation, were initiated at the annual meeting in Toronto last week of the National Construction Council.

MR. MATHERS

The Council agreed to ask appointment of committees to make such a survey by the 21 trade and professional organizations constituting the Council. Represented on the Council are organizations of architects, engineers, contractors, supply houses, building material manufacturers, labor unions, and other groups within the industry.

Accept Restrictions

While fearing serious effects on the industry from the new licensing control over industrial and commercial construction, the Council agreed that it should be accepted in a spirit of patriotic co-operation. Any such measures should be supported, the Council felt, if deemed necessary to conserve materials, labor, foreign exchange and other requirements for war purposes.

A resolution was passed commending the Government for its various actions to mobilize national resources to prosecute the war effort to the utmost, including the move to apply construction control.

At the same time, the Council foresaw that the new restrictions might jeopardize the stability and effectiveness of the industry, both now and after the war, unless they are carefully administered. The Council offered its services in an advisory capacity to assist the Government to apply the control with as little disruption as possible.

Whatever the effect of the control, no move could be justified that smacked of "hounding the Government with proposals for a public works programme," the meeting was told by A. S. Mathers of Toronto, new president. Demands of the war emergency left no time for such projects, he said. However, he felt the Council could render service in drafting a sound and desirable programme for the post-war period, when there were bound to be "attempts to present the country with a lot of post offices and other works it does not need."

New Officers Chosen

Mr. Mathers, Council representative of the Royal Architectural Institute of Canada, was chosen president in succession to E. P. Muntz, Hamilton, delegate from the Engineering Institute of Canada. Other officers chosen are:

JOHN W. GOOCH, Toronto, representing the Canadian Construction Association, first vice-president.

ERNEST INGLES, London, Trades & Labor Congress of Canada, second vice-president.

L. L. ANTHES, Toronto, Canadian Manufacturers Association, honorary treasurer.

Executive Committee

Above officers together with:

E. P. MUNTZ, Hamilton, Engineering Institute of Canada.

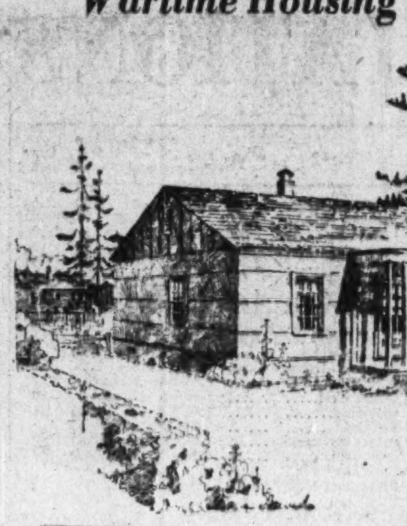
DR. J. M. R. FAIRBAIRN, Montreal, Engineering Institute of Canada.

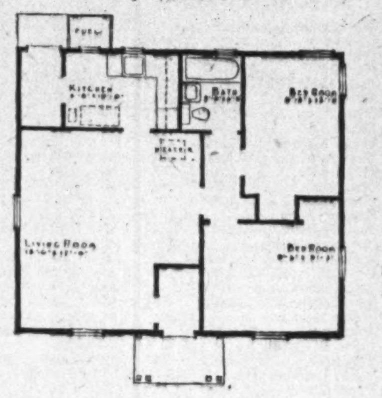
G. M. THOMSON, Caledonia, Canadian Paint, Oil & Varnish Association.

BURWELL R. COON, Toronto, Royal Architectural Institute of Canada.

GORDON M. WEST, Toronto. R. A. I. C.

Wartime Housing Unit Design





Operations to relieve housing shortages in centres of war activity have been extended from Halifax to the head of the Great Lakes by Wartime Housing Ltd., new Government war company. Contract has been awarded by the company to Clayton Construction Co. of Winnipeg for erection of 50 single family dwellings and two staff houses at Fort William. Shown here are architect's drawing and floor plan of one of the several types of single houses being built by the company at various points.

B. C. Oil Operators Say Prices Are Too Low Now

VANCOUVER.—Whether gasoline prices on the Pacific coast are to be changed when the federal control board establishes a schedule of fuel oil rates is uncertain, but indications are that the levels already established will remain as they are, since they were arrived at after an exhaustive survey by the provincial petroleum products board headed by Dr. W. A. Carrothers.

These prices, according to oil company men, are already too low. They were regarded as unfair to the oil companies when the provincial board fixed prices in the spring of 1940, and costs of production and transportation have tended to increase since then.

"Since we are already in the red on British Columbia operations," the chief provincial executive of one large oil company told The Financial Post, "it seems hardly conceivable that the Federal Government would adopt a rate structure that would add to our losses."

Such a result is inevitable, however, regardless of what happens to gasoline prices, if the use of fuel oil in British Columbia is ordered curtailed, as Mr. Cottrelle indicates it will be. The companies operating in B. C. make a profit on sale of fuel oil; they lose on gasoline. To reduce fuel oil sales would deprive the companies of their most favorable form of revenue.

Your Investments

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3. Supply facts rather than opinions.

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4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Beauharnois

Will you please give me your opinion as to the likelihood of a dividend on Beauharnois common shares?

There does not appear to be any likelihood of a dividend ever being paid on Beauharnois common stock, since the company will shortly be taken over by the Quebec Government. Some sort of settlement will be made but this is not likely to include a dividend.

It is not yet known how much will be paid for the properties of Beauharnois nor the form of the payment. The payment might be in bonds of the Quebec Government or of a Quebec Hydro Commission. Until the amount to be paid on the Beauharnois common stock is known, it is clearly impossible to place an accurate valuation on the stock. There may be considerable delay and negotiations before this price is announced.

Flin Flon

Can you tell me what has happened to Flin Flon Gold Mines? I hold several thousand shares in this company but have heard nothing for several years.

Flin Flon Gold Mines sold its property in the Douglas Lake area of Manitoba to Douglas Lake Mines for 1,300,000 Douglas Lake shares in 1937.

Douglas Lake Gold carried on a programme of diamond drilling which was successful in extending the indications of gold both laterally and vertically. A higher arsenic content was noted in the ore which would ordinarily make recovery of gold values difficult. However, the company planned to recover the arsenic.

As far as we can learn, Douglas Lake is inactive at the present time due to the difficulty of arranging finances.

Alberta Bonds

Is it worth while to continue refusing the half interest payable on Alberta bonds? Is there any likelihood of receiving full interest in the near future?

We regret that we cannot advise you on the possibilities of getting your full interest paid on Alberta bonds. For a time last winter when the Rowell Report seemed likely to go into effect, it appeared that holders of Alberta bonds would be rewarded for their long wait.

From an economic point of view, the income of the Province of Alberta as a whole is now at a level considerably higher than when the bonds were defaulted. It would appear that there is no longer any financial reason for the bonds being in default. But the problem is probably more of a political than an economic nature and it is impossible at this point to predict the outcome.

We would point out that the major institutional investors are continuing to refuse the half rate payments offered by the Alberta Government. Apparently, they do not feel that, having waited this long, it is advisable to jeopardize their claims in any way by accepting the half measure.

How Much is FREEDOM Worth?

That is a question every Canadian should ask today.

You are asked to buy Victory Bonds to speed the day of victory for our fighting forces.

Under our way of life, your investment in Victory Bonds is voluntary. Under totalitarian methods, there would be no such freedom.

Have you done enough? Think of what our men and women are doing, in the army, the navy, the air force, and the nursing service. They have offered all, even life itself, to fight for our freedom from brutal aggression.

LEND your money on the safest security — the Dominion of Canada itself.

ACT NOW

Help Finish the Job

BUY VICTORY BONDS

THE ROYAL TRUST COMPANY

B. C. Coal Mine Industry Hit by Ship Scarcity

From Our Own Correspondent

VANCOUVER.—War effect on the shipping business has had an adverse influence on British Columbia's coal industry, particularly that portion of it located on Vancouver Island.

It is estimated that withdrawal of ships from the north Pacific to serve other more vital routes has deprived the Vancouver Island mines of an annual market for some 160,000 tons of coal. Mine operators claim that no other outlet is available to offset this loss.

Some of the largest mines on Vancouver Island are being run at half time and a more general shutdown may have to be adopted if the slump continues.

The Canadian Pacific ocean ships were steady customers of the island mines before the war, and so were the vessels of other important British lines and tramp operators. Most of these ships are no longer making regular calls on this coast.

Coal production in the Crows Nest and other interior fields has gradually exceeded that of the Vancouver Island area for the first time. The interior mines have the advantage of the steady operation of Consolidated Mining & Smelting Co. with its expanding war industries, and the subvention paid on coal shipped from British Columbia by rail to points as far east as Fort William.

B. C. Mining Affected by Plan

Would Improve Co-ordination With the U. S.

From Our Own Correspondent

VANCOUVER. — If, as reported from Ottawa, Canada and the United States negotiate a deal whereby Canadian base metals now contracted for by Britain are shipped instead to American plants for processing, the mining industry of British Columbia is likely to be directly affected in important degree.

British Columbia is Canada's major base metal province, and since the war, production has risen to new heights. A large proportion of this output has been going to the United Kingdom direct, but under the arrangement now being considered the metals in future will be converted into munitions of war and other products in the United States before being shipped abroad. In that way a means will be provided for coordinating Canada's production of raw materials with the United States facilities for mass manufacturing.

Virtually Conscripted

Consolidated Mining & Smelting Co. will play a significant part in the deal if it is completed. Since the war the company's production has, in the words of President S. G. Blaylock, been "virtually conscripted for the duration."

All Smelters output of lead, zinc and other metals above normal domestic requirements have been available for the British Government at a price set at the time the contract was closed in the fall of 1939.

British Columbia copper may also figure in the new setup. Britannia Mining & Smelting Co. and Granby Consolidated have been shipping concentrates to the Tacoma plant of the American Smelting & Refining Co. at Tacoma, Wash.

No Smelter Available

Had there been a smelter to handle their output on the coast they might have joined Consolidated in selling direct to the British Government, but in the copper deal negotiated by Britain during the first six months of war it was decided that only electrolytic copper would be taken and this eliminated the two British Columbia mines, which would also have been at a disadvantage because of the distance from market and cost of transportation.

However, under the proposed new programme Britannia and Granby would probably function automatically in the deal and very little change in their marketing technique would be necessary. Several smaller base metal concerns, such as Zincton Mines, recently put into production again by Sheep Creek Gold Mining Co., recently made a deal to ship zinc concentrates to the Anaconda Copper Co. in the United States. Here again there would be few complications in carrying out the terms of the new deal.

During the past year figures showing production of base metals have been withheld by the Government, but in 1939 Consolidated's output was worth $28 millions; Granby's $3.5 millions, and Britannia's approximately the same. In the same year the value of copper mined in this province was $7.3 millions; lead $11.8 millions; zinc $9.1 millions. Volume and values have probably increased materially since then.

Of all base metals produced in British Columbia zinc has been in particularly heavy demand, and requirements both in Canada and the United States have far exceeded demand.

Urban Building 40% Gain Shown

Volume of urban building in Canada so far this year is running 40% ahead of 1940, according to Dominion Bureau of Statistics building permits records for over 200 municipalities. Value of permits in the first four months is reported at $34,233,769, a jump of 44% over the figure of $23.7 millions for the same period last year. The total for April was $15,336,790, reflecting a gain of 39% over the volume of approximately $11 millions in April, 1940.

Permits issued in Ontario centres amounted to $8.3 millions, or more than half of the grand total in April.

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED
5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1940), $12,147,569
Capital (Fully Paid), $2,000,000
Reserve Fund, $2,400,000

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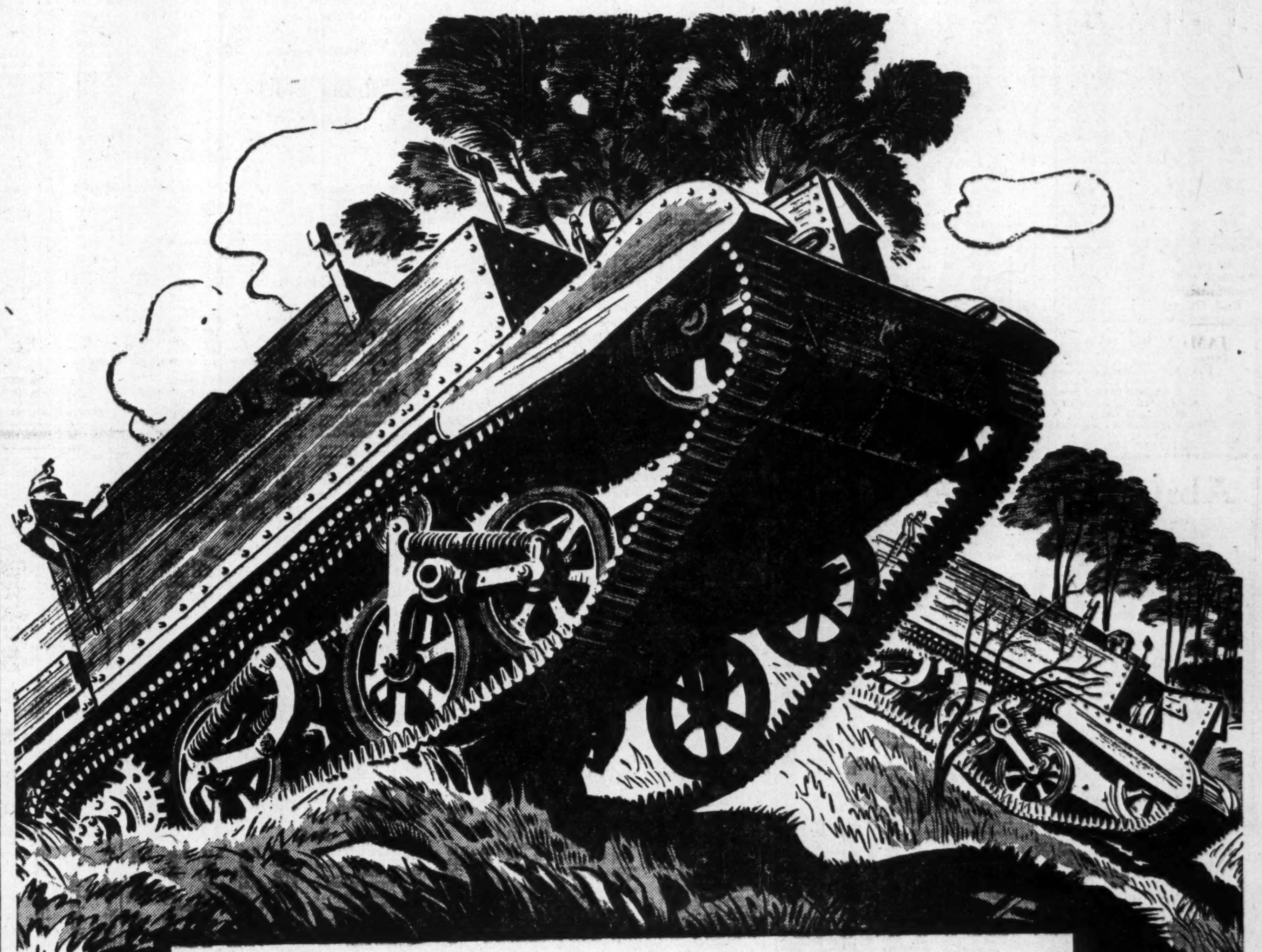


It's a matter of *Life and Death*

THERE'S not much glamour or glory to this man's job—but it's a mighty important one. He'll pick at random one of the brand-new Universal Gun Carriers as they come from the assembly line, and do his best to smash it, cripple it, put it out of action. If any hidden weakness is there, it must be discovered before these machines reach the fighting front. Empire lives are at stake.

At better than forty miles an hour the test driver wheels these nimble, steel-clad fighting machines through clawing underbrush, over sand and muck, up steep parapets, in and out of yawning "shell craters."

The scene of these rides is the special proving ground near the Ford of Canada plant at Windsor. More than 75 per cent. of the capacity of this 200-acre industry is now devoted to war-time production. From the assembly lines, more than 75,000 fighting machines of more than twenty different types have already rolled away to do their bit with the armies of the Empire.

The test driver is one member of a big, victory-minded army of 13,000 Ford of Canada workers who are giving their best efforts to help the cause of freedom.

These Universal Gun Carriers are produced in Canada only in the Ford plant. They can travel at 45 miles an hour, are equipped with machine guns, and can "turn on a dime." Each machine is powered with a Ford V-8 Engine.

FORD MOTOR COMPANY OF CANADA, LIMITED

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JUNE 2

Range 1941 High	Low	Div R'te $	May 31 Y'ld %		Sales	Last May 26	Week end. June 2 H	L	Cl'se
				A					
				Abitibi	890	.75	.75	.65	.65
.90	.50	.	...	Do. pref. 6%	75	5½	5½	5½	5½
8	4	.	...	Do. pref. 7%	....	(6½ bid — asked)			
12½	8	.	...	Acme Glove	....	(1½ bid — asked)			
3	1	.	...	Do. pref.	4	55	50	50	50
60	50	6.50	13	Agnew Surp.	....	(12 bid — asked)			

Quotations: § 1940. • 1939. • 1938. ▲ On account of arrears. ♦ Paid in 1940. ■ Participating. ‡ Paid or payable in 1941 to date.

Mining Stocks

Week Ending June 2.

Par Val	Range 1941 High	Low	Company	Sales	Close May 26 (or last)	High for week	Low for week	Close June 2
			A					
No	.17	.07	Aldermac	200	.08½	.09	.08½	.09
1	.01½	.01	Amm. Gold	......	(.00½ bid	.01 asked)		
No	2.75	1.90	Anglo-Huronian	......	(2.10 bid	2.50 asked)		
No	.30	.30	Argus Interests	......	(.... bid	.50 asked)		
No	•.03	.01	Arno	......	(.... bid	.02 asked)		
1	.09	.03¾	Arntfield	13,700	.05½	.05½	.05	.05
1	.05½	.03¾	Ashley	......	(.04 bid	.04½ asked)		
1	.05	.02	Astoria Quebec	1,000	.02	.02½	.02½	.02½
1	2.45	1.55	Aunor Gold	4,300	1.60	1.65	1.55	1.55
			B					
1	.16½	.05	Bagamac	250	.06	.06½	.06½	.06½
1	.08	.04	Bankfield	800	.05½	.05	.05	.05
No	.11	.07	Base Metals	1,500	.08½	.08½	.08	.08½
1	.15	.08½	Bear Exploration	400	.09	.10	.08½	.10
1	1.24	1.00	Beattie Gold	2,640	1.09	1.12	1.00	1.03
1	.09	.05	Beaufor	......	(.05 bid	.06½ asked)		
1	1.00	.90	Berens River	......	(.... bid	1.00 asked)		
1	.13½	.07	Bidgood Kirk.	3,500	.08	.08	.08	.08
1	.06	.03	Big Missouri	2,500	.06	.03	.03	.03
1	.11	.05	Bobjo	3,700	.06	.06½	.06	.06½
1	.49	.48	Bonetal Gold	1,200	....	.49	.48	.48
1	.02½	.02	Bouscadillac G.M.	......	(.... bid	.03 asked)		
No	10.50	9.50	Bralorne	770	9.80	9.90	9.75	9.80
1	.03	.02½	Brazil Gold	......	(.... bid	.02¾ asked)		

Par Val	Range 1941 High	Low	Company	Sales	Close May 26	High for week	Low for week	Close June 2
1	.19	.12	Model	......	(.12 bid	.16 asked)		
25c.	.07	.03½	Monarch Royal	......	(.03 bid	.03½ asked)		
25c.	.05½	.04½	National Pete	......	(.05½ Mar. 26)			
1	•.05	.04	Nordon	......	(.... bid	.... asked)		
No	.75	.50	Okalta	......	(.... bid	.50 asked)		
No	.04	.02	Pacalta Oil	900	.04	.02	.02	
1	.26	.19	Pacific Petroleums	.....	(.20 bid	.... asked)		
25c.	.08	.05	Prairie Royal	......	(.... bid	.06 asked)		
No	.15	.07	Royal Canadian	1,000	.07½	.07	.07	
No	•.10½	.06	Royal Crest	......	(.... bid	.... asked)		
No	22.00	17.12	Royalite	24	18.00	18.00	17.50	
No	.01½	.01½	South End	......	(.... bid	.... asked)		
No	.25	.10	Southwest Pete	......	(.10 bid	.... asked)		
1	.05½	.02½	Spooner	......	(.02 bid	.03½ asked)		
25c.	.14	.10	Sunset Oil	......	(.09 bid	.... asked)		
No	.04½	.03	United	......	(.03 bid	.... asked)		
No	.04½	.03	Vanalta	2,500	.04	.03	.03	
1	.38½	.20	Vulcan	200	.28	.25	.25	
No	•.05	.02	West Flank	......	(.... bid	.... asked)		

• Quotations for 1940.

Winnipeg Stocks

(Transactions from May 26 to May 31)

	Sales	High for period	Low for period	Close May 31
Beaver Lumber, pfd.	30	102.50	102.50	102.50
Burns, A	5	4.25	4.25	4.25
Central Manitoba	3,000	.02	.02	.02
Crescent Creamery, pfd.	19	11.00	11.00	11.00
Great Falls M. & S.	2,000	.05	.05	.05
Home Investment	10	15.00	15.00	15.00
Monarch Life	10	33.00	33.00	33.00
South Vermillion	1,500	.01½	.01½	.01½
Western Breweries	10	1.85	1.85	1.85
Western Steel	43	7.25	7.00	7.00
Wingold	1,500	.09½	.09½	.09½

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c	3	5
Can. Airways	1	..
Can. Indemnity	150	..
Corr. P. Box, c.	.60	..
Dom. Envelope c	8½	..
Dom. Envelope p	95¼	..
Fed. Grain, c.	.50	..
Fed. Grain, pf.	27	30
Nor. Can. Mtg. p.	5	..
Nor. Trrusts	7	..
Traders Bldg.	43	..
United Grain	9½	11
West. Grain, p.	..	7½
Wings	.15	.75

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
June 3	6,400	3,900	66,000	......
June 2	3,900	2,100	76,000	7,550
May 31	2,100	2,800	65,000	7,222
May 30	2,900	2,200	57,000	3,610
May 29	5,800	2,900	87,000	13,300
May 28	6,100	2,600	49,000	18,412

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

June 4, 1941

%	Due	Bid	Ask	Approx. Yld.
5	Nov. '41	101¼	102	.98
1½	May '42	100¼	100¾	.80
2	June '42	100¾	101¾	.70
3	Oct. '42	102	102¾	1.04
2½	June '43	101¾	102¾	1.19
5	Oct. '43	107½	108	1.61
2	June '44	100¾	101¾	1.45
a2½	Jan. '44	95½	96½‡	3.64
4½	Oct. '44	107¾	108¾	1.84
2½	Nov. '44	101	102	1.91
a2½	Aug. '45	93¾	94¾‡	3.92
4	Oct. '45	104½	105½	b1.67
4½	Feb. '46	109½	110½	2.20
3½	June '49	102½	103½	b2.51
3½	Oct. '49	102½	103½	b2.50
3½	Nov. '51	100¾	101¾	b3.00
3½	Feb. '52	101	102	b2.92
a5	May '52	101	‡101¾	b2.91
4	Oct. '52	105	106	b2.96
3	Oct. '52	98	99	3.10
3	June '55	98	99	3.09
4½	Nov. '56	107	108	b2.91
4½	Nov. '57	107½	108½	b3.05
3	June '58	97¾	98¾	3.10
4½	Nov. '58	108	109	b3.15
4½	Nov. '59	108¾	109¾	b3.18
a4	Oct. '60	97½	98½‡	4.12
a3½	Jan. '61	89	90‡	3.98
3½	June '66	99¾	100¾	b3.19
a3e	Jan. '67	86½	87½	‡3.78
a3e	Nov. '68	86½	87½	‡3.75
†3	Perpet'l.	90½	91½	3.29
	Dominion Guarant'd Bonds			
	Can. Nat'l. Railways:			
2	Feb. '43	100¾	101½	1.17
2½	Jan. '46	100½	101½	1.92
3	May '44	103	104	1.65
3	Dec. '50	99	100	3.00
3	Feb. '53	97¾	99	3.10
3	Jan. '59	96½	97¾	3.17
•4½	Sept. '51	113	114½	2.89
•4½	Feb. '56	113½	114¾	3.25
4½	July '57	113½	115	3.31
•4½	June '55	115½	117	3.27
5	Feb. '54	116	117½	3.33
•5e	July '69	113½	114¾	b1.80
•5e	Oct. '69	117½	119	b2.96
•5e	Feb. '70	117	118½	b3.17
	Grand Trunk Pacific Rly.:			
3	Jan. '62	97	98½	3.10
	Provincial Gov't. Bonds			
	New Brunswick:			
3	Oct. '51	84	87	4.57
3½	Aug. '49	88	91	4.96
3½	June '56	84	88	4.62
c4	Nov. '47	94	97	4.54
c4½	Apr. '61	94	97	4.73
c5	Jan. '60	98	102	4.83
	Nova Scotia:			
3	Jan. '52	93	94½	3.61
3½	June '56	92	94	3.78
3½	Nov. '50	96	98	3.74
c4½	Sept. '52	104	106	b3.45
c4½	Nov. '60	106	109	3.85
c5	Mar. '60	111	114	3.95
	Ontario:			
2½	May '45	99	100½	2.36
3	Apr. '48	98½	99¾	3.05
3	Nov. '50	98	99	3.12
3½	Nov. '51	99½	100¾	b3.15
3½	May '55	99	100½	b3.22
•4	June '62	103	105½	3.62
4½	June '50	107	109	3.34
•4½	Jan. '62	110	113	3.62
5	Oct. '48	109	111	3.32
•5	Dec. '60	117	120	3.57
5½	July '46	109½	111½	3.05
	Ont. Hydro Commission:			
3	Aug. '48	98½	99¾	3.05
3½	Feb. '53	99	100½	b3.18
3½	Apr. '47	101	102½	3.04
	Prince Edward Island:			
3	Oct. '45	95	97	3.69
	Quebec:			
3	Nov. '47	93	94½	3.96
3½	Mar. '48	94½	96	3.92

Dominion of Canada Bonds

%	Due	Bid	Ask	Approx. Yld.
3½	Mar. '59	91	92½	[illegible]
3½	Feb. '55	95	96½	[illegible]
4	Mar. '52	98	99½	[illegible]
4½	Aug. '58	99	101	4.17
4½	Jan. '63	101	104	4.22
	Alberta:			
4	Dec. '54	50	55	d
4½	Oct. '51	64	69	d
c4½	Oct. '56	53½	57	d
*5	Oct. '59	56	59	d
c5½	Apr. '52	61	65	d
6	Mar. '47	64	69	d
	British Columbia:			
c4	Dec. '57	95	98	4.13
*4½	Jan. '51	100	102	4.25
c4½	Oct. '53	100	102	4.30
c5	Apr. '54	103	105½	4.44
5½	Feb. '45	101	104	4.22
6	Feb. '47	104	107	4.61
	Manitoba:			
c4	Dec. '57	83	88	5.06
c4½	Dec. '56	85	90	5.46
*5	Dec. '59	90	95	5.42
5½	Oct. '55	93	97	5.81
6	Apr. '47	96	100	6.00
	Saskatchewan:			
4	Sept. '54	65	69	7.74
4	Nov. '60	63	67	7.12
c4½	Oct. '51	80	83	6.70
c4½	Mar. '60	70	73	7.12
5	Aug. '58	72	77	7.38
5½	Oct. '52	75	80	8.22
6	Mar. '52	83	86	7.33

*—Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

June 3, 1941

Industrials:	Bid	Ask.
Acme Farm., pf.	34	36¾
Andian National	26	28½
Anglo C. Tel., A	7½	7¾
Atlas Steel	..	20
Barrymore, pfd.	28	..
Blue T. Brew. A	9	10½
Do., B	6	7
B. C. Pulp, c.	9½	11
Do., pfd.	60	67
B. C. Sugar	71½	73
B. C. Tel., 1st p.	111	114
Burns & Co., A	4	4¾
Do., B	2	3½
Can. Co-op. Wl.	8	..
C. I. L., A c.	170	..
Do., pref.	160	166
Can. Ing. Rand	72	77
Can. Wire & C. p	106	108
Can. Mot. L.A.B.	2¼	..
Can. Tube, 1st p	88	..
Can. West'ghouse	38	42
Chase, A. W., p.	18½	20
Claude Neon, p.	4½	5½
Colonial Steam.	13½	16
Copeland Fl. un.	13	14½
Dom. Manuf., p.	61	65
Dunlop T. p. $25	23½	24½
East. Steel, pf.	18	20½
Easy Wash. p $10	10	12
Goderich Elev.	6¾	7½
Guelph Carp., c.	18	21
Gurney Fdry., p	1	1½
Hayes Steel, c.	..	9
Hi'land Dairy, p	47	50½
Homewood San.	100	120
Kingst. Ship. un	28	30
Loblaw Inc., c.	11	12
Maritime Tel., c.	14½	..
Minn. & Ont. P. c	2½	3
M'row Screw, p.	100	..
Do., com.	10	12
Moirs, pfd.	18½	21½
Mt. Royal H., c.	2½	3¾
Morrison Br. un.	4½	6½
N. B. Tel., c.	10	12½
Neilson, Wm., c.	9	..
Do., pfd.	100	..
N. Meth. Ldy. p	53	57
Ont. Tobacco, p.	17	20
Pac. C. Term., c.	9	10½
Prov. Paper, pfd	103	105
Ruddy, E. L., p.	22	25½
Quinte Milk	2	3
Stand. Fuel, p.	58	62
Stedman, pf. $50	56½	58
Tor. Carpet, c.	38	..
Do., pfd.	64	67
Un. F. Co-op.	2½	3½
Un. Steel, A pf.	21½	23½
Viceroy Mfg., p.	23½	..
Do., com.	12½	..
Westons Hold.	3	..
Trusts & Loan Stocks:		
Brit. Mtge.	123	132
Brockville Tr.	41	..
Capital* Tr.	30	32½
Com. Fin., c.	2¾	3
Grey&Br. Tr. $50	43	46
Guaranty Trust.	100	103
Guelph & O. $50	50	53¾
Indust. Mtge.	24	..
Lambton Loan	30	33
London & West.	34	37
Midland Loan	14	15½
Premier Trust	62	..
Sherbrooke Tr.	120	..
Sterling Trust	50	60
Traders Fin. A c	7	9
Do., A pfd.	83½	87
Trusts & Gr. new	50	52½
Victoria Trust	75	80
Waterloo Tr.	100	..
Insurance Stocks:		
Canada Life	390	410
Brit. Amer.	50	55
Canadian Fire	81	85
Confed. 30% pd.	135	140
Continental L.	35	..
Crown, fully pd.	250	265
Dominion Fire	138	..
D. of Can. Gen.	112	120
Empire, 25% pd.	6	7
Excelsior 38% pd	70	..
Federal, 25% pd.	52	..
Great-West Life	200	210
Halifax Fire	15	16
Imperial Life	290	306
Manufac. Life	225	245
Monarch Life	32	..
National Life	25	28
Sov. L. 25% pd.	11½	..
Sun Life	300	320
Tor. General	4½	5½
Wellington Fire.	58	..
Western Assce.	41	44
Theatre Stocks:		
Allen's King. un	60	..
Do. St. Cath. un	50	..
Mansf. Theat. p.	28	31
Para. Kitch., p.	50	..
Do., Oshawa, c	7½	10
Investment Trust Shares:		
Can. Investors	4	5
Inv. Found. un.	42	48
Sec's. Hold., pf.	19	21
United Corp., A	19	21
Do., B	3½	4½
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	102	104½
Gt. Lakes Pr., p	101	103
Int. Util. 1.75 p	13	..
Do., $3.50 p.	32	..
Mtl. Is. Pwr., p.	37	..
Nor. Ont. Pr., p.	70	75

Unlisted Mines

Toronto, June 3, 1941

	Bid	Ask
Addington	.00½	.01½
Albany River (Old)	.03	.05
(New)	.07	.10
Amal Kirk	.05½	.06
Anoki	.04½	.05
Aquarius	..	.19
Arjon	.04	.05
Armistice	.17	.19
Argosy	.06¾	.07½
Area	.02½	.03½
Athona (Old)	.01	.02
(New)	.01¾	.02½
Barb Lard	.02	.02½
Bilmac	.01	.02
Brock	.39	.41
Buff Bear	..	.03
Calder Bo	.02	.03
Central M	.01¾	.02½
Cheminis	.02	.02½
Coin Lake	.03	.03¾
Cons Chib	.03	.05
Crescent	.00¾	.01½
Dayton	.01	.02
Demp Cad	.00½	.01½
Denovo	.10	.12
Desants n	.12	.15
Dona Pat	.01½	.02
E Lacoma	.00½	.01
Elmos	.07	.09
Franco	.20	..
Galore	.01½	.02
Gan Cop	..	.06½
Gate Pat	.00¾	.01½
Gilbec	.00½	.01
Gord Leb	.00½	.00¾
Highridge	..	.11
Hoyle nw	.20	.23
Hugh PaP	.06	.07
Hutch Lke	.01½	.02
Jasper	..	.14
Keora	.01½	.02
Kenricia	.01½	.02
Kewagama	.01½	.02
Kiena	.01	.02
Kirk Gate	.01	.02
Lacoma	.01½	.01¾
Laguerre	.14	.17
Lake Duf	.15½	.17
Lake Gen	.11	.12
Lardego	.00½	.01
Lw Pete	.12	.15
Magnet C	.84	.87
Magnet L	.17	.21
Magwell	.01	.02½
Martin Bir	.02½	.03
Margaret	.07	.09
Mata Can	.02¾	.03½
Mata Con	.14	.17
McLellan	.20	.22
McMar'ac	.21	.33
Mof Hal n	.01½	.02½
Monarch	.01½	.02½
Mooshla	.01½	.02
Mosher	.05	.06
McGregor	.01	.02
McManus	.02	.03
Nat Mal	.26	.29
New Aug	.26	.29
New Roy	.00½	.01
Nickel O	.70	.80
Norbeau	.16	.21
Northland (1940)	..	.04
Norwin	.02	.04
Numalake	.09	.11
Oklend	.03½	.04
O'Leary	.01½	.02½
Ont Nickel	.06½	.07½
Opemiska	.02¾	.03½
Oriole	.01	.01½
Orpit	.06	.06¾
Ossian	.00¾	.01½
Pascalis	.26	.30
Pontiac R (Old)	.03	.05
Pelangio	.01½	.02½
Phoenix	.01	.02
Polaris	.07	.09
Propri'y	3.00	3.10
Presdor	.03½	.04½
Queb Man	.04	.06
Rahn Lake	.00½	.01½
Rand Mal	.06	.08
Red Lake	.01	.02
S.A.G.A.	1.75	1.90
Sachigo	3.25	3.50
Sanshaw Special	.07	.09
Ltd	.04	.06
Senore	.04	.06
Shenango (Old)	.02½	.03
(New)	.23	.25
Sheldon	.04	.04½
Skynner	.02½	.03½
Smelt G	.00¾	.01½
Spooner	..	.02½
Sunbeam	.02	.04
Springer	.14	.16
Stadacona	.04	.06
Thomson	.10	.12
Treaty Pt	.05	.10
Union Min	.03	.05
Woco	..	.01½
Wasu	.04	.06
West Red	.01	.01½
Y David'n	.27	.29

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

June 3, 1941

Public Utility Issues:	Int. Rate %	Due	Bid June 3	Asked June 3	Bid May 27
▲‡Alg. C. H.B.R.	5	'59	5	7	5
†Assoc. Tel & T.	5½	'55	69½	72½	69½
B. C. Power	4½	'60	97½	99½	98
B. C. Tel.	4½	'61	106½	108½	107
†Calgary Pwr.	5	'60	105½	107½	105½
Do.	5	'64	101½	103½	102
†Can. Nor. Pwr.	5	'53	102	104	102
•Dom. Gas & El.	6½	'45	101½	103½	101½
Gatineau Pwr.	5	'49	101	103	101
•Do., A	3¾	'69	96	98	96
♦Do., B	3¾	'69	94½	96½	95
Gt. Lakes Pwr.	4½	'56	96½	98½	97
Do.	5	'57	93½	96½	94
•Int. Hydro-E.	6	'44	47½	50½	50½
▲Inter. Power	6	'55	100½	102½	100½
L. St. Law Pwr.	5	'55	97	99	97
Macl'n-Que. Pr.	4	'59	96	98	96
Mtl. L. H. & P.	3½	'56	98	100	98½
Do.	3½	'73	94½	96½	95
Do.	3½	'63	95½	97½	96½
†Mtl. Tramways	5	'41	88	91	88
†Do.	5	'55	51½	54½	52
Nat. Lt. & Pwr.	6	'49	101	103	101
N. S. Lt. Pr.	4	'57	100½	102½	100½
Ottawa L.H.&.P.	4	'57	100½	102½	100½
Ottawa V. Pwr.	5	'59	101	103	101
†Power Corp.	4½	'59	94½	97½	94½
Quebec Pwr.	4	'62	100½	102½	100½
•Saguenay P., A	4½	'66	106	108	107
♦Do., B	4½	'66	104	106	104
St. Maurice Pr.	4½	'70	99	101	99½
Shaw. W. & Pr.	4	'61	99	101	99½
Do.	3½	'46	100½	102½	100½
Do.	4	'69	98½	100½	99
Union Gas	4½	'50	102½	104½	102½
•Twin C. R. Tr.	5½	'52	65½	68½	65½
†United Secs.	5½	'52	39½	42½	39
‡Wpg. El., ser. A	5	'65	68	71	68
Do., B	5	'65	45½	48½	45
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	68½	71½	68½
Do., C.O.D.	5	'53	64½	67½	64½
Acadia Sugar	4½	'55	102½	104½	102½
Do.	6	'54	94½	97½	95
†Alta. Pa. Grain.	6	'46	99	101	99
Algoma Steel	5	'48	102	104	102½
Atlantic Sugar	4	'51	100½	102½	100½
†B. C. P. & Pap.	6	'50	82½	85½	83
†‡Do.	7	'50	110	...	110
•Brown Co.	5½	'46	53½	56½	52½
Burns & Co.	5	'58	56½	59½	56
Canada Bread	6	'41	100	102	100
Canada Cement	4½	'51	103	105	103½
Canada Electric	4½	'65	93½	96½	94
Can. Paper	4½	'52	101	103	101
Can. Steamships	5	'57	99½	101½	99½
Can. Canners	4	'51	100½	102½	100
•Can. Int. Paper	6	'49	104	106	104
‡Can. Locomotive	6	'53	89	92	88½
‡†Candn. Vickers	6	'47	50	53	51
C. P. R.	3½	'51	97	99	93½
Do.	4	'49	97½	99½	97½
Do.	6	'42	102½	104½	102½
Col. Steamships	6	'54	94	97	94½
†Consol. Paper	5½	'61	67½	70½	67
Dom. Coal	4½	'52	101	103	101
Dom. Scott. Inv.	4	'52	95	98	95
Dom. Stl. & Co.	6½	'55	106	108	106
Dom. Tar	4½	'51	100	102	101
Dom. Woollens.	6	'53	96½	99½	97
†Donnacona P.	4½	'56	67	70	67½
•Dryden Pap.	6	'49	99	101	99
‡Dufferin Pav.	5	'55	55½	58½	55
†East. Dairies	6	'49	76½	79½	76½
Famous Players	4½	'51	99	101	99½
†Federal Grain	6	'49	98	100	97½
†Fraser Cos.	6	'50	98½	100½	99
Galt Brass	5	'50	90	..	90
Gen. Stl. Wares.	4½	'52	98	100	98
•Great L. Paper.	5	'55	88	91	88½
•Gurney Fdry.	5½	'49	70½	73½	70
†Gypsum, Lime	5½	'48	99	101	99
Ham. By-Pr., C.	5	'55	101	103	102
Do.	6	'56	99½	101½	100
Ham. Cotton	4½	'50	100	102	100
Inter-City Bak.	5½	'48	101½	103½	101½
Indust. Accept.	4	'52	82½	85½	82½
Ins. Ex. Bldg.	3	'51	41	44	41
•Inter. P., Nfld.	4½	'68	89	92	89
•Inv. Bond & Sh.	5	'47	41½	44½	41
†Kingston Elev.	6	'30	102½	104½	103
Lake St. J. P.	5½	'61	82	85	82½
Do.	5	'61	52	55	52½
Legare	6	'61	87	90	87
Maple Leaf M.	3	'58	72	75	72
Man. Sugar	5	'60	96½	99½	95½

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & Co., Toronto)

June 3, 1941

Miscellaneous Stocks:	Bid June 3	Asked June 3	Bid May 27
Adirondack Fdry. S., c.	10½	11½	10
†Allens Tor. Th., p.	31½	35	31
Brown & Co., c.	1.10	1½	1
C.P.R., pref.	1¾	2½	1½
Cons. Divers. S. Secs., p	7½	8½	7½
Corrug. Paperbox, c.	.50	.75	.50
Dover Industries	6½	7½	6½
East. Bake., p.	28	38	29
†Ft. Wm. Hotel, units	43	50	43½
Galt Brass, c.	8	9½	7½
Imperial Varnish, c.	8½	9½	8½
Ingram & Bell, new p.	89	93	89
Inter. Equities, units	25½	30	25½
Loew's Lond. Th., p.	3	3.35	3
Mersey Paper, c.	4½	5½	4½
•Midland Prop's., Inc., p.	6	..	6
•Moirs 6% pref.	18¾	20½	18½
Monarch Mtge. Inv. un.	.30	.50	.25
Mt. Royal, new c.	2.35	3½	2¾
•Mt. Royal, old p.	3.65	4½	3½
Murphy Paint units	97	99	97½
Nat. Hosiery com.	¾	1	.90
Niag. L. Arch Br.	36	41	36½
†N. Amer. Elev., p.	65	70	65½
Second Std. Royal's p.	.02½	.03½	.03
Sutton Horsley	1.15	1.35	1.15
Traders Fin., rights	12½	13½	12
Waterloo Mfg., new c.	.60	.95	[illegible]
•Wentw. Radio, pref.	3	..	[illegible]
West Can. Hydro, p.	10¾	11½	10½

•Issue carries arrears.
†Currently paying on arrears.

Corporation Bonds (Cont'd)

	Int. Rate %	Due	Bid June 3	Asked June 3	Bid May 27
Massey-Harris	4½	'54	90	93	89½
McColl-Fron.	4½	'49	102	104	102
McCormick's	4	'52	97	100	96½
Do.	4½	'52	103	...	103
Mercury Mills	5	'59	91½	94½	91½
Mersey Paper	5	'57	95	98	95½
†Do.	6	'49	99½	101½	98
•M. & O. Paper	5	'60	73	76	73
Moirs Ltd.	6	'53	53½	56½	53½
‡Mtl. Drydocks	6	'48	38	41	37½
Montreal Apts.	4	'54	58½	61½	58½
Nat. Grocers	4	'47	101	103	101
N. S. Stl. Coal	3½	'63	81	84	81½
Price Bros.	5	'57	94	97	94½
Do.	4	'57	83	86	83
•Prov. Paper	5½	'47	105	...	105
Reliance Grain.	4½	'52	93	96	93
†Restigouche Co.	6	'48	96½	99½	95
Rolland Paper	4½	'51	102½	104½	102½
Ruddy, E. L.	6½	'48	100	102	100
Silv. Dairies	6	'66	88	91	96½
Simpsons Ltd.	4½	'51	99½	101½	99
Smith, Howard.	4½	'51	103	105	103½
Stand. Lime	6	'44	97	..	97
Sterling Coal	6	'45	96½	99½	96
Stop & Shop	3	'47	51	54	53
United Corp.	5	'53	86½	89½	89
•United Gas	5½	'48	103½	105½	103½
United Gr. Grs.	5	'48	95	97	95
†Western Grain	6	'49	54	57	55

•Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
°Payable in U. S.
♦Payable in Canada only.
‡Traded without accrued interest.
▲Payable in Can. or U. K.

Municipal Bonds

June 3, 1941

†Halifax	5	1961	108.00	109.50	[illegible]
Hamilton	5	1950	108.25	110.25	[illegible]
Montreal	5	1945	93.00	96.00	[illegible]
Ottawa	4½	1945	103.50	105.50	[illegible]
†Quebec	5	1959	103.00	106.00	[illegible]
Saint John	5	1950	104.00	106.00	[illegible]
†Toronto	4½	1955	108.50	110.50	[illegible]
†Vancouver	5	1950	98.00	101.00	[illegible]
Winnipeg	5	1944	101.00	104.00	[illegible]

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Funds	2.30	[illegible]
Can. Amer. Trust	2.65	[illegible]
Can. Inter. Trust	4.25	[illegible]
Can. Invest. Fund	3.00	[illegible]
Grouped Income	...	[illegible]
Trans-Canada	9.00	[illegible]

Annual Meetings

1941	Company	Place
June 5	Dom. Woollens	Toronto
June 6	T. G. Bright & Co.	Niagara Falls
June 6	Moneta Porc. Mines	Toronto
June 12	Bankfield Cons. Mines	Toronto
July 8‡	Winnipeg Electric	Winnipeg

‡Adjourned from May 5.

Mining Dividends

	Rate	Close June 2	Yield %
Anglo-Huronian	‡10c	2.10	..
Aunor Gold	▲8c	1.55	..
Beattie Gold	16c	1.03	15.5
Bralorne	80c+40c	9.80	*12.3
Breulan Porc.	12c	.79	15.2
Buffalo Ankerite	▲10c	3.50	..
Bulolo Gold	$3	15.75	19
Can. Malartic	8c	.50	16
Cariboo Gold	16c+8c	2.30	*10.4
Central Patricia	16c+6c	1.66	*13.2
Chesterville	5c	1.25	..
Cochenour Willans	3c	.65	..
Coniagas	‡25c	1.35	..
Coniaurum	16c	1.18	13.5
Cons. Smelters	$1+$1.25	32.00	*7
Delnite	‡6c	.75	8
Dome Mines	$2	21.25	9.4
East Malartic	‡30c	2.24	13.3
Falconbridge	▲10c	2.45	..
Francoeur Gold	‡3c	.35	..
Goldale	‡2c	.12	..
Gold Belt	▲2c	.22	..
Grandview	†.00½	.11	..
Gunnar Gold	6c	.23	..
Hallnor	60c	4.75	12.6
Hard Rock	▲5c	.67	..
Hedley Mascot	▲4c	.54	..
Hollinger	65c+45c	12.37	*8.8
Howey Gold	2c	.24	..
Hudson Bay	‡$2	23.75	8.4
Inspiration	†2c	.21	..
Inter. Nickel, com.	$2	29.75	6.7
Island Mountain	▲8c	.95	..
Kerr Addison	▲17c	4.00	..
Kerr Lake	‡10c	.41	..
Kirkland Lake	10c+2c	.75	*16
Kootenay Belle	▲4c	.22	..
Lamaque Gold	‡40c+15c	4.35	*12.8
Lake Shore	$1.40	15.50	9
Leitch	8c	.48	16.7
Little Long Lac	‡30c	1.73	..
Macassa	32c+3c	3.90	*8.9
Madsen R. Lake	6c	.55	..
Malartic Gold	†5c	1.00	..
McGillivray Coal	‡3c+1c	.21	..
McKenzie Red L.	12c	1.06	11.3
Moneta	12c	.40½	..
McIntyre-Porc.	$2.22+$1.11	47.50	*6.3
MacLeod-Cockshutt	‡20c	1.55	..
Naybob Gold	4c	.22½	..
Negus	†5c	.60	..
Nipissing	15c	1.09	..
Noranda	$4	50.00	8
North Empire	▲20c	5.00	..
O'Brien Gold	‡10c	.65	..
Pamour Porc.	12c	.99	12.1
Pato Cons.	20c+2c	2.50	..
Paymaster	‡1c	.19	..
Pend Oreille	†6c	1.40	..
Perron Gold	16c+4c	1.30	*15.4
Pioneer, B.C.	40c	2.10	19
Pickle Crow	40c	2.35	17
Placer Develop.	$1.20	8.50	14.1
Premier	12c	.91	13
Preston E. Dome	20c+10c	2.82	*10.7
Privateer Mines	▲6c+2c	.50	..
Quebec Gold	‡2c	.20	..
Relief-Arlington	‡5c	.01½	..
San Antonio	14c+6c	2.16	*9.2
Sheep Creek	16c	.80	..
Sherritt Gordon	▲5c	.62	..
Sigma Mines	▲30c	7.50	..
Silbak Premier	16c	.80	..
Siscoe	▲4½c	.52	..
Sturgeon River	4c	.13	..
Sudbury Basin	▲2½c	1.15	..
Sullivan Cons.	▲3c	.53	..
Surf Inlet	▲1c	.10½	..
Sylvanite Gold	28c	2.45	11.4
Teck-Hughes	40c+5c	2.72	*16.7
Toburn	12c+8c	1.48	*13.5
Upper Canada	▲7c	1.73	..
Ventures	▲10c	3.50	..
Waite Amulet	10c	3.10	..
Wendigo	3c	.16½	..
Wright-Harg.	‡40c+30c	5.00	*14
Ymir Yankee	2c	.05	..

*Yield including bonus. †Initial.
‡Paid in 1940.
▲Paid or declared payable in 1941 to date.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, p.	$1.75	July 2	June 16
Assoc. Brew.	25c	June 30	June 14
Do., pref.	$1.75	July 2	June 14
Asbestos Corp.	15c	June 30	June 15
Do., extra	15c	June 30	June 15
Beatty Bros. 2nd p.	$3.50	July 2	June 14
Belding Cort.	$1	July 2	June 14
Do., pref.	$1.75	July 2	June 14
Bell Telephone	$2	July 15	June 23
B. C. Power, A	50c	July 15	June 30
Burlington Steel	15c	July 2	June 16
Brazilian Tr., pf.	$1.50	July 2	June 14
Bulolo Gold	$1.50	June 30	June 9
Beattie Gold	4c	June 18	June 2
Bright, T. G.	7½c	June 14	May 31
Do., pref.	$1.50	June 14	May 31
Bk. of N. Scotia	$3	July 2	June 14
Brit. Amer. Oil	25c	July 2	June 12
Bertram & Sons	15c	Aug. 15	Aug. 1
Canada Cement, p.	$1.25	June 20	May 30
Can. Cr. Stone	10c	June 30	June 15
Canada Dry	†15c	June 24	June 10
Can. W. & Cable, A	$1	June 15	May 31
Do., B	50c	June 15	May 31
Do., pref.	$1.62½	June 15	May 31
Cel. of Am., pr. pf.	$1.75	July 1	June 17
Do., part. pref.	†$3.50	June 30	June 17
Can. Wineries	25c	June 12	June 6
Cent. Patricia Gold	4c	June 28	June 14
Do., extra	2c	June 28	June 14
Canadian Car, pref.	44c	July 10	June 21
Can. Celanese	25c	June 30	June 16
Do., extra	25c	June 30	June 16
Do., pref.	$1.75	June 30	June 16
Central Pat. Gold	4c	June 28	June 14
Do., extra	2c	June 28	June 14
Canada Bread, pfd.	$1.25	July 2	June 14
Do., B pref.	62½c	July 2	June 14
Canada Bud	20c	July 10	July 2
Can. Breweries, pfd.	75c	July 2	June 14
Can. For. Invest. p.	■$2	July 1	June 15
Con. Div. S. Sec. p	37½c	June 16	May 31
Can. Gen. Electric	$2	July 1	June 14
Cariboo Gold	4c	July 2	June 4
Do., extra	2c	July 2	June 4
Canada Malting	50c	June 14	May 31
Can. Malartic	2c	June 18	June 4
Can. Wallpaper, A, B	▲$1	July 14	July 4
Can. Wire. Box, A	37½c	July 2	June 14
Do., arrears	12½c	July 2	June 14
Canada Cycle	30c	June 30	June 14
Do., pref.	$1.25	June 30	June 14
Canada Packers	$1	July 2	June 16
Can. Nor. Power	■25c	July 25	June 30
Do., pref.	■$1.75	July 15	June 30
Chartered Trust	$1	July 2	June 16
Coniaurum Mines	4c	June 18	June 4
Can. Perm. Mtge.	$2	July 2	June 14
Can. West'ghouse	■50c	July 1	June 16
Can. Canners	12½c	July 2	June 14
Do., 1st pref.	25c	July 2	June 14
Do., partic.	5c	July 2	June 14
Do., 2nd pref.	15c	July 2	June 14
Do., partic.	5c	July 2	June 14
Consumers' Gas	$2	July 2	June 14
Can. Cottons	$1	July 2	June 14
Do., pref.	$1.50	July 2	June 14
Canadian Oil, pf.	$2	July 1	June 20
David & Frere, A	25c	June 30	June 14
Dominion Coal, pf.	38c	July 2	June 14
Dom. Textile	$1.25	July 2	June 14
Do., pref.	$1.75	July 15	June 30
Dom. Foundries, c.	25c	July 2	June 20
Distill.-Seag., c.	55½c	June 16	June 6
Dome Mines	■50c	July 21	June 30
Dom. Glass	■$1.25	July 2	June 16
Do., pref.	■$1.75	July 2	June 16
Electrolux	†20c	June 16	May 15
English Elec., A	62½c	June 16	June 3
Falconbridge N.	5c	June 28	June 2
Fanny Farmer	†37½c	July 1	June 14
Foundation Co.	25c	July 18	June 30
Famous Players	25c	June 27	June 12
Ford Motor, A, B	25c	June 21	May 31
Greening Wire	15c	July 2	June 16
Goodyear Tire	63c	July 2	June 14
Do., pref.	62½c	July 2	June 14
Gt. Lakes Power, p	$1.75	July 15	June 30
Gatineau Power	20c	June 30	May 31
Do., 5½% pref.	$1.38	July 1	May 31
Do., 5% pref.	$1.25	July 1	May 31
Ham. Un. Theat., p	$1.25	June 28	May 31
Hinde & Dauch	12½c	July 2	June 14
Hard Rock Gold	5c	June 21	May 31
Hollinger Cons.	5c	June 17	June 3
Do., extra	5c	June 17	June 3
Honey Dew	50c	July 2	June 14
Ham. Cotton, pf.	50c	July 2	June 14
Do., arrears	25c	July 2	June 14
Huron & E., Mtg.	1%	July 2	June 14
Imp. Tobacco, ord.	10c	June 30	June 6
Indust. Mtge. & Tr.	$1	July 2	June 15
Inter. Nickel, c.	†50c	June 30	May 31
Inter. Power, pfd.	$1.75	July 2	June 14
Inter. Nickel, pf.	†$1.75	Aug. 1	July 2
Kerr-Addison G.	7c	June 28	June 10
Kelvinator of Can.	25c	June 10	May 27
Louisiana Land	†10c	June 16	June 2
Lang, J. A	17½c	July 2	June 15
Landed Banking	$1	July 2	June 14
Langley's, pref.	50c	June 12	June 3
Lake Shore Mines	■35c	June 16	June 2
Lamaque Gold	10c	July 1	June 10
Do., extra	15c	July 1	June 10
Mansfield Theat. p	$1.75	June 30	June 20
Marcus Loew's, p.	$1.75	June 30	June 14
Do., arrears	$1.75	June 30	June 14
Macassa Mines	8c	June 16	May 31
MacKinnon St'l, p.	$1.25	June 16	May 31
Malartic Gold	♦5c	Aug. 1	July 2
Mitchell, Robt.	■50c	June 30	June 20
McColl-Front. p.	$1.50	July 15	June 30
McK. Red Lake	3c	June 16	June 2
Monarch Life	6%	July 2	June 17
Montreal Cottons	$1	June 15	May 31
Do., pref.	$1.75	June 15	May 31

DIVIDEND NOTICES

DIVIDEND

Chartered Trust and Executor Company

NOTICE is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending June 30th, 1941, payable July 2nd, 1941, to shareholders of record at the close of business June 16th, 1941.

By Order of the Board,
E. W. McNEILL, Secretary.

Dated at Toronto, May 15th, 1941.

Securities Holding Corporation Limited

DIVIDEND NOTICE

Notice is hereby given that a Disbursement of Seventy-Five Cents per share has been declared upon the preferred shares of the Company, payable June 30th, 1941, to shareholders of record at the close of business on the 16th day of June, 1941.

By order of the Board,
F. T. LARGE, Secretary.

Toronto, May 30th, 1941.

Acme Glove Works Limited

DIVIDEND NOTICE

A dividend of Three and One Quarter Per Cent (3¼%) has been declared upon the 6½% Cumulative Preferred Shares of Capital Stock of this Company, to be paid on the second day of July, 1941, to shareholders of record at the close of business on June 18th, 1941.

By Order of the Board,
C. H. DAWSON, Secretary.

Montreal, June 2nd, 1941.

Canadian Wirebound Boxes Limited

Dividend Notice

Take Notice that the Directors of the Company have declared a dividend of fifty cents (50c) per share on account of arrears on the class "A" shares of the Company, payable July 2nd, 1941 to shareholders of record the close of business June 14th, 1941.

By order of the Board,
J. P. BERNEY, Secretary.

Toronto, May 27th, 1941.

The Bell Telephone Company of Canada

Notice of Dividend

A dividend of Two Dollars per share has been declared payable on the 15th day of July, 1941, to shareholders of record at the close of business on the 23rd of June, 1941.

F. G. WEBBER, Secretary.

Montreal, May 28, 1941.

Belding-Corticelli Limited

Notice of Preferred Stock Dividend No. 106

A dividend of one and three-quarters per cent (1¾%) has been declared on the Preferred Stock of this Company, for the quarter ending 31st May, 1941.

Notice of Common Stock Dividend No. 61

A dividend of one per cent (1%) has been declared on the Common Stock of this Company, for the quarter ending 31st May, 1941.

The above dividends are payable on the 2nd day of July, 1941, to Shareholders of record at the close of business the 14th day of June, 1941.

By Order of the Board,
D. F. POLLOCK, Secretary.

Subject to the approval of the Foreign Exchange Control Board.

Dividends Declared (Cont'd)

	This payment	Date payable	Date of record
Mod. Contain.	20c	July 2	June 20
Do., extra	10c	July 2	June 20
Do., pref.	$1.37½	July 2	June 20
Mtl. C. & D. Sav.	$3	July 2	June 14
Do., extra	$1	July 2	June 14
Montreal Loan	31¼c	June 16	May 31
Nat. Breweries	50c	July 2	June 14
Do., pref.	44c	July 2	June 14
New Meth. Ldy. p	$1.62½	June 1	May 23
Nat. Grocers, pfd.	37½c	July 1	June 10
Noranda Mines	$1	June 16	May 20
North Star Oil, p.	8¾c	July 2	June 13
N. S. Lt. & Pwr., c.	$1.50	July 2	June 4
N. S. Lt. & Pwr., c.	$1.50	July 2	June 14
Ont. Loan & Deb.	$1.25	July 2	June 16
Ottawa Elec.	30c	June 30	June 4
Ottawa L. H. & Pr.	15c	July 1	May 27
Do., pref.	$1.25	July 1	May 27
Page-Hersey Tubes	$1.25	July 1	June 14
Pato Cons. Gold	10c	June 25	June 4
Do., extra	2c	June 25	June 4
Pend Oreille	†6c	July 28	June 27
Placer Develop.	60c	June 30	June 9
Porto Rico, pfd.	$1.75	July 2	June 14
Premier Gold	3c	July 15	June 13
Preston E. Dome	5c	July 15	June 30
Do., extra	2½c	July 15	June 30
Perron Gold	4c	June 21	June 2
Do., extra	1c	June 21	June 2
Pioneer Gold	10c	July 2	May 31
Pickle Crow Gold	10c	June 30	June 14
Power Corp.	■15c	June 30	June 10
Do., pref.	$1.50	July 15	June 30
Do., 2nd pref.	75c	July 15	June 30
Price Bros, pfd.	$1.37½	July 1	June 21
Real Est. Loan	$1	July 2	June 17
Remington Rand	†20c	July 1	June 6
Do., pref.	†$1.12½	July 1	June 6
Riverside Silk	50c	July 2	June 10
Russell Ind.	20c	June 30	June 14
Do., pref.	$1.75	June 30	June 14
Reliance Grain, p	$1.62½	June 14	May 31
Sec. Std. Rylts. pf.	1c	June 16	May 31
Securities Hold., pf.	75c	June 30	June 16
Sigma Mines	■30c	July 15	June 30
Stuart Oil, p. part.	50c	June 30	June 14
Supersilk Hos., p.	$2.50	July 2	June 13
Sylvanite Gold	7c	June 30	May 5
Sherritt Gordon	■5c	June 25	May 23
Sherwin-Wms. pfd.	$1.75	July 2	June 15
Do., arrears	$1.75	July 2	June 15
Siscoe Gold	2c	June 16	May 16
Simon & Sons	15c	June 28	June 14
Do., pref.	$1.75	June 28	June 14
South. Can. Pwr.	■20c	Aug. 15	July 31
Do., pref.	$1.50	July 15	June 20
Stedman Bros.	15c	July 2	June 20
Do., pref.	75c	July 2	June 20
St. Law. Corp. A p	■25c	July 15	June 30
St. Law. Paper, p.	■50c	July 15	June 30
Smith, H. Pap., pf.	$1.50	July 15	June 30
Sudbury Basin	2½c	June 30	June 14
Tamblyn, G.	20c	July 2	June 13
Do. pref.	62½c	July 2	June 13
Teck-Hughes	■10c	July 1	June 10
Toronto Elevators, p.	66c	June 7	May 30
Tor. Gen. Trusts	$1	July 2	June 14
Trans. Can. Shs., A	0.293	June 1	......
Tuckett Tob., pf.	$1.75	July 15	June 30
United Fuel, pf.	75c	July 2	June 20
Un. Gold Eq. st. c.	6c	June 30	June 16
Union Gas	20c	June 14	May 20
Do., extra	20c	June 14	May 20
Ventures	10c	June 25	June 10
Wabasso Cotton	50c	July 2	June 21
Weston, Geo., c.	20c	July 1	June 12
Waite Amulet	10c	June 16	May 20
Walker-Good.	$1	June 16	May 23
Do., pref.	25c	June 16	May 23
Wilsil	25c	July 1	June 14
Wr.-Hargreaves	10c	July 2	May 21
Do., extra	5c	July 2	May 21

†Payable in U. S. funds.
■Subject to approval of Foreign Exchange Control Board.
♦Initial.
▲Subject to approval of shareholders on June 23.

DIVIDEND NOTICES

CANADA PERMANENT MORTGAGE CORPORATION

Notice is hereby given that a Dividend of TWO PER CENT on the paid-up Capital Stock of the Corporation has been declared for the current quarter, and that the same will be payable

WEDNESDAY, THE SECOND DAY OF JULY

next, to Shareholders of record at the close of business on the Fourteenth day of June, 1941.

By order of the Board.
WALTER F. WATKINS, Secretary.

Toronto, 21st May, 1941.

Honey Dew Limited

Dividend Notice

Notice is hereby given that a dividend of fifty cents (50 cents) per share, on the outstanding capital stock of the Company, has been declared payable on the second day of July, 1941, to shareholders of record at the close of business on the 14th day of June, 1941.

By Order of the Board,
R. G. McMULLEN, Secretary.

Toronto, Ontario, May 31st, 1941.

Canadian Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of seventy-five cents (75c) per share on the Cumulative Sinking Fund Convertible Preference Shares of the Company has been declared, payable on the 2nd day of July, 1941, to shareholders of record at the close of business on the 14th day of June, 1941.

By Order of the Board,
W. C. BUTLER, Secretary.

Toronto, Ontario, May 30th, 1941.

DIVIDEND NOTICE

The Robert Mitchell Co. Limited

MITCHELL CANADA

Notice is hereby given that a dividend of Fifty Cents (50c) per share upon the outstanding Capital Stock of the Company has been declared payable on the 30th day of June, 1941, to shareholders of record on June 20th, 1941.

By Order of the Board,
H. S. McGEE, Secretary.

Montreal, P.Q. May 29th, 1941.

DIVIDEND NOTICE

English Electric Company of Canada, Limited

CLASS "A" SHARES

Notice is hereby given that the Board of Directors have declared a dividend of sixty-two and one-half cents (62½c) per share on the outstanding Class "A" shares of the Company, payable June 16th, 1941, to shareholders of record at the close of business on June 3rd, 1941.

AUBREY MUNDY, Secretary.

May 29th, 1941.

The Sherwin-Williams Company of Canada, Limited

NOTICE IS HEREBY GIVEN that the One Hundred and Eighteenth and One Hundred and Nineteenth Quarterly Dividends of One and Three-quarters per cent (1¾%) each, being at the rate of Seven per cent (7%) per annum for each of the Quarters ending November 30, 1940 and February 28, 1941, on the Preferred Stock of the Company has been declared payable to Shareholders of record the 15th day of June, 1941, and that cheques will be mailed July 2, 1941.

Books not closed.
By Order of the Board,
P. W. HOLLINGWORTH, Secretary-Treasurer.

Montreal, Quebec, May 8, 1941.

The Wabasso Cotton Company, Limited

Notice of Dividend

A dividend of Fifty cents (50c) per share has been declared on the Capital Stock of The Wabasso Cotton Company Limited, payable on the 2nd July, 1941, to shareholders of record as at close of business on 21st June, 1941.

BY ORDER OF THE BOARD.
H. W. CAPEL, Secretary-Treasurer.

Montreal, Que., 29th May, 1941.

The Hamilton Cotton Company Limited

Dividend Notice

Notice is hereby given that the regular quarterly Dividend of 50 cents per share on the outstanding Preferred Shares of the Company together with 25 cents per share against the outstanding Dividend arrears on the Preferred Shares be paid on July 2nd, 1941, to shareholders of record at the close of business on Saturday, June 14th, 1941.

By Order of the Board.
JOHN BOWSTEAD, Secretary.

Hamilton, May 28th, 1941.

Canada Bud Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of Twenty Cents (20c) per share on the 150,000 outstanding no par value common shares of Canada Bud Breweries Limited, has been declared payable on the 10th day of July, 1941, to shareholders of record at the close of business on the 2nd day of July, 1941.

By order of Board of Directors.
J. S. FITZGERALD, Secretary-Treasurer.

Toronto, May 30th, 1941.

Container Conviction Is Upheld

But New Trial Ordered For Wilson Boxes — Document Is Lost

Conviction of shipping container manufacturers and their control company, Container Materials Ltd., for attempting to fix prices, was upheld by a majority ruling of the Ontario Appeal Court—with one exception.

The finding of the Court of Appeal makes it clear that, while price control may become an important part of a wartime economy, the fixing of prices is the prerogative of Government and not the privilege of individual industries and trades.

Such a programme of price control as was adopted by manufacturers of shipping containers is definitely condemned.

All the fines imposed by Mr. Justice Hope last September, amounting to $161,500, are confirmed, with one exception. In the case of Wilson Boxes Ltd., of Fairville, N.B., which was fined $5,000, a new trial was ordered by the present judgment because of the trial judge's rejection of a document which has now disappeared.

All Gave Reasons

The importance which the Court of Appeal attached to the case is apparent from the fact that all five members of the Court wrote their reasons for judgment. Four members of the Court, Chief Justice Robertson and Justices Middleton, Masten and Fisher, upheld the conviction of the defendants, with the exception noted, while Justice Henderson dissented from the majority view.

The court action grew out of an investigation and report made by the Commissioner of the Combines Investigation Act.

It is understood that action under the Combines Act against several other price-fixing organizations has been withheld pending decision in this case.

Voluntary Action

The decision has been awaited by the organizations themselves. It may be that enforcement measures will be rendered unnecessary by the voluntary abandonment of policies which have been condemned by the courts.

When the judgment of the trial court in the action against the shipping container firms was delivered last September, views were expressed in some quarters there might be some modification of the opinion of Justice Hope regarding elimination of price competition as an essential feature of illegal activity.

Chief Justice Robertson's judgment makes it clear that arrangements which impose restrictions upon the manufacturers' freedom to compete to the extent which was accomplished through Container Materials Ltd., fall within the terms of Sec. 498

The purpose of the arrangement, says the Chief Justice, "was to extinguish as far as those manufacturers were concerned all competition in the barter and sale of these products in Canada just as completely as if Container Materials Ltd. had a monopoly of them."

Sees "Grave Danger"

The Chief Justice finds "there is grave danger if the manufacturers of the goods have the control of prices in their own hands . . . That danger, however, is one that arises from preventing or lessening competition against which clause 'd' of sec. 498 is designed to provide."

In a dissenting judgment, Justice Henderson expresses the view "there are a thousand ways in which manufacturers can compete for trade, which are not interfered with by an agreement to maintain a price or in certain respects to standardize their products," and he would have acquitted the accused of any undue lessening of competition.

The trial judge had convicted the accused on four counts of conspiring to restrain trade. The Appeal Court upholds the conviction on one count —unduly preventing or lessening competition.

The Appeal Court found no evidence to warrant a conviction on the charge of unduly limiting manufacturing or distributing facilities.

On the question of enhancing prices, the Chief Justice found that an arrangement which fixes prices high enough to provide for operation of the pooling system was evidence of a conspiracy to unreasonably enhance prices, but as this aspect of the evidence was not presented to the Appeal Court, he did not think it proper to uphold conviction on that count.

The fines levied by Mr. Justice Hope and confirmed by the Court of Appeal were: Container Materials, Limited, $10,000; Shipping Containers, Limited, $10,000; Standard Paper Box Co., Limited, $10,000; Martin Hewitt Containers, Limited, $10,000; Canadian Wirebound Box Co., Limited, $10,000; Corrugated Paper Box Co., Limited, $10,000; Gair Company of Canada, Limited, $10,000; Hinde & Dauch Paper Co. of Canada, Limited, $10,000; Hygrade Corrugated Products, Limited, $10,000; Hilton Brothers, Limited, $10,000; Martin Paper Co., Limited, $10,000; Acme Paper Box Co. Limited, $10,000; Canadian Boxes, Limited, $10,000; Maritime Paper Products, Limited, $5,000; G. W. Hendershott Corrugated Paper Co., Limited, $5,000; Kraft Containers, Limited, $5,000; Superior Box Co., Limited, $5,000; H. J. Badden, $4,000, and Dominion Corrugated Paper Co., Limited, $2,500.

Week in Wheat

Canada is Waiting Details of Conference

Washington Wheat Discussion Will Likely Centre on Storage and Disposal Problems — Canada Holds Big Surplus — Markets Quiet

From Our Own Correspondent

WINNIPEG.—Plans for an international wheat producers conference at Washington are too nebulous yet to create much comment either among the trade or wheat growers of western Canada. Canada, holding about one half the accumulated wheat surplus of the major exporting countries, is naturally interested.

It is assumed that such a conference will concern itself first with problems of storage, as facilities in most of the exporting countries are now severely taxed, and secondly, with ultimate and orderly disposal. The latter problem, by far the most serious, must probably wait until the end of the war. It will likely be coupled with a much larger undertaking designed to get poverty-stricken and hungry Europe back on it feet.

Market Is Dull

A minimum degree of activity prevails in the wheat market at Winnipeg. One reason is that mill buyers are presumably holding purchases down to bare necessities in the expectation that October wheat, when it comes on the board, will trade at a discount under the prevailing pegged price for July.

Transactions take place from time to time at pegged levels, but they are not sufficient to absorb the quantities of wheat which farmers desire to sell on the open market instead of accepting the slightly lower price payable as an initial payment by the Canadian Wheat Board.

* * *

U. S. Conditions

Under normal circumstances prospects for winter wheat in the United States might constitute a bearish market factor. There is talk in that country of a winter wheat crop of 680 million bushels, and although it is far too early to guess at spring wheat production, combined U. S. total crop may run more than 900 million bushels. With carryover this would give total supplies of over 1,200 million bushels.

From the market standpoint in the United States, however, these estimates are overshadowed by the prospect of Government crop loans on a basis of 85% of parity price. This would mean practically an option to sell to the Government at a comparatively high price.

The market has not yet made up its mind as to the probable effect of the quota delivery system, which by vote of producers Washington is now empowered to bring into effect. Under this, farmers who keep within their sales quotas will be eligible to various benefits from the Government, while sales in excess will be penalized by a tax of 48 cents a bushel. Presumably the farmer with excess wheat will tend to keep it at home, and feed it on the farm, rather than absorb such a penalty.

* * *

Visible Now Rising

The Canadian visible supply during the past week reversed its tendency of the last four months and began to climb. Weekly deliveries by farmers exceeded the combined figures for export and domestic milling. Exports, while still comparatively high, at nearly 5 million bushels, were nevertheless considerably less than during immediately preceding weeks.

* * *

Ready For More

Preparing for movement of the new crop, when it is harvested, the Canadian Wheat Board has authoriized railways to provide cars at different points in sufficient number to move out the remainder of the old crop yet to be delivered. There are a few points where it is going to tax the receiving and loading capacity of elevators to take care of all old crop wheat before July 31. Farmers at such points realize the urgency of shipping before that date, because at Aug. 1 the strictly limited quotas to be fixed for the handling of the new crop will begin to apply and also the basic 70-cent price. At present farmers are allowed storage charges.

* * *

Revise Lake Rates?

A considerable number of lake vessels of United States registry have been engaged in handling grain on the lakes, attracted by comparatively high rates which have prevailed to Buffalo. The rate to Montreal, kept by regulation of the Board of Grain Commissioners down to 7 cents per bushel from Port Arthur and Fort William, has not attracted many vessels. The owners instead have been accepting charters to Bay ports and Port Colborne, being able to get up to 4 cents a bushel for a shorter trip enabling them to make a quick turn around and increase the number of voyages. Now Congress has passed, and the President has signed a law throwing open to vessels of Canadian registry the business of carrying ore on the Great Lakes and this may result in the transfer of some vessels from the grain-carrying trade to movement of ore from Duluth and Superior to American lower lake ports.

There is beginning to be some discussion of a revision in the lake rates by action of the Board of Grain Commissioners. On the one hand it is suggested that since the Board is limiting the rate to Montreal, they should correspondingly put under control the rates to Bay ports and keep them in a normal relationship to the Montreal rate. On the other hand it is suggested that the restriction on the Montreal rate ought to be relaxed to a point where grain would once again move freely by water to that point, instead of making it necessary for water transport to be supplemented by an eastern rail haul.

Dominion Coal Output Shows Sharp Drop

From Our Own Correspondent

MONTREAL.—Output of the Dominion Coal Co.'s Cape Breton collieries in May totalled 296,758 tons, compared with 398,706 for May, 1940. The drop of 101,948 tons in production resulted from employees adopting a policy of production curtailments in protest against wage levels. At some pits output has dropped to half normal. Production for May showed a decline of 29.312 tons from April.

Company Report

Union Gas

Earnings of Union Gas Co. for the year ended March 31, 1941, were approximately $200,000 higher than last year, a gain which was absorbed by an increase in taxes of $333,000. Earnings per share were $1.41 against $1.60, against dividend disbursements of $1 per share.

Bond interest being reduced by regular retirements of funded debt was more than $10,000 lower in the latest year. Total deductions from earnings for interest, discount, depreciation, etc., amounted to about the same in 1941 as the previous year.

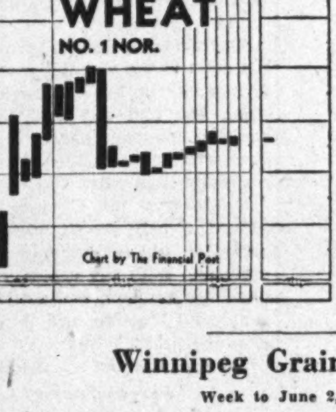
S. A. Morse, who signs the report, comments on continued rises in demand, for domestic as well as industrial use. Steps taken by the company to maintain pressure in the face of rising demand involve a contract for still-gas with Imperial Oil Ltd., referred to elsewhere in The Financial Post, and continued use of the oil-gas plant at Sarnia.

Despite heavier taxes, the 1941 fiscal period resulted in a surplus after payment of dividends. This was somewhat reduced by allowance for excess profits tax for the previous year, but a net increase of nearly $250,000 in surplus was shown on the year.

Consol. Income and Surplus Account
Years Ended March 31

	1941	1940
	$	$
Operating profit	2,670,245	2,463,851
Add: Other income	38,236	37,159
Total income	2,708,481	2,501,010
Less: Bond interest	150,285	160,566
Bond discount	20,640	20,640
Subsid. bd. int.	57,915	58,601
Depreciation	587,575	541,796
Devel. costs	253,051	279,725
Write-off re London	47,272	47,505
Income taxes	595,000	262,000
Net profit	996,743	1,130,177
Less: Dividends	706,199	706,199
Surplus for year	290,544	423,978
Add: Prev. surplus	1,500,947	1,076,969
Less Prior yr. E. P. tax	41,025	......
Balance forward	1,750,466	1,500,947
Earnings per Share:		
Common: Earned	$1.41	$1.60
Paid	1.00	1.00
Working Capital	$	$
Current assets	2,454,913	2,074,661
Current liabilities	952,520	699,637
Working capital	1,502,393	1,375,024

Wheat Prices



Cash Quotations

For Week

	June 2 High	June 2 Low	Prev. Week High	Prev. Week Low
Wheat				
1 Hard	.76⅝	.75⅜	.76⅞	.75⅞
1 Nor.	.76⅜	.75⅞	.76⅞	.75⅞
2 Nor.	.74¼	.74⅛	.74¼	.73⅜
3 Nor.	.71⅛	.71	.71⅛	.70⅝
4 Nor.	.70½	.69¾	.70	.69⅛
5 Wheat	.67½	.67½	.71	.65⅞
6 Wheat	.66½	.66½	.70	.64⅞
Feed	.66½	.65½	.65½	.63⅞
Oats:				
2 C. W.	.37¾	.36⅝	.37⅝	.37⅛
3 C. W.	.34¾	.33⅞	.34⅝	.34⅛
Barley:				
1 Feed	.46¼	.45⅞	.47½	.46
2 Feed	.44¾	.43⅞	.45¾	.44
Flax:				
1 C. W.	1.50½	1.42½	1.55	1.50¼
2 C. W.	1.46¼	1.37⅞	1.51	1.46¼
Rye:				
2 C. W.	.59	.56½	.63½	.59⅜

Winnipeg Grain Futures

Week to June 2, 1941

Crop year from Aug. 1, 1940 High	Low		Open June 2	High for week	Low for week	Close June 2	Close year ago
		Wheat					
.79¾	.65⅞	May	.75⅞	.75⅞	.75⅞	.....	.....
.81⅜	.77½	July	.77½	.77½	.77½	.77½	.75¼
		Oats					
.38⅞	.25⅝	May	.37⅛	.38⅞	.36⅞	.....	.....
.37⅛	.29½	July	.35⅝	.36¼	.35⅝	.36⅛	.32⅛
.34¼	.30⅝	Oct.	.33⅞	.34¼	.33⅝	.34	.30¼
		Barley					
.53⅝	.33⅝	May	.50⅛	.51⅞	.49⅝	.....	.....
.49⅝	.39⅞	July	.48⅝	.48⅞	.48¼	.48⅛	.37⅛
.46⅛	.41⅞	Oct.	.45	.45½	.44⅝	.45	.38
		Flax					
1.93¾	1.16	May	1.50½	1.51	1.42½	.....	.....
1.92⅝	1.29½	July	1.51½	1.52⅝	1.42½	1.44¾	1.70
1.79¾	1.41¼	Oct.	1.49	1.50½	1.41¼	1.43¼	1.76
		Rye					
.66⅝	.44⅛	May	.59⅝	.59⅝	.56½	.....	.....
.64⅛	.47⅞	July	.59¼	.59¼	.56⅝	.57⅝	.50⅛
.61⅞	.50⅛	Oct.	.55	.55¾	.52½	.53¾	.48⅛

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Bond Sales

City & County of Saint John, N.B.

Sale of $18,500 in installment debentures of the City and County of Saint John is reported to a syndicate composed of the Royal Bank of Canada, T. M. Bell and A. E. Ames & Co. at average price of 99. Issue is composed of 3½% debentures, $3,000 of which fall due Apr. 1, 1942-44 inclusive; $5,500 mature 1942-48 and $10,000 from 1942 to 1951. Only other tender reported was that of Dominion Securities Corp. at 96.28.

Sudbury Basin Mines has declared a dividend of 2½ cents a share payable June 30, 1941, to shareholders of record June 14. Last previous payment was 2½ cents a share on Mar. 21, 1940.

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What the War Has Done to Alberta

Significant Agricultural, Industrial Changes

From Our Own Correspondent

EDMONTON.—Alberta is solidly behind Canada's war effort and significant changes in the province's agricultural and industrial position are resulting. These changes have been made and are continuing almost unnoticed by the average Albertan.

Because of Alberta's lack of huge industrial plants there have been no spectacular transformations of single communities such as reported in other parts of Canada. Apart from the addition of thousands of men in uniform of the country's armed services, urban population are going about their business pretty much as before.

But a changing agricultural picture and sharp reductions in relief and unemployment figures are evidence of the war's influence on Alberta.

22% Reduction

Farmers have geared their activities to meet war demands made upon them by federal authorities.

Under near ideal conditions the 1941 wheat crop was sown during May on a total acreage sharply cut as a result of Ottawa leadership. With figures still incomplete, it is estimated that the acreage was cut about 22% to 6,750,000 acres seeded in wheat.

This reduction is expected to be felt for several years because much of the unseeded land will be put in forage crops, such as grass and clover. These are crops that carry over for several seasons and probably will mean a decline of wheat acreage for considerable time.

More Hog Raising

More directly the result of war demands is the increased hog raising throughout the province. During 1940 there were 1,485,000 Alberta hogs marketed and that was a sharp jump from 980,000 hogs marketed in 1939. But to date this year hog marketings are running 31% ahead of the 1940 figures at the corresponding date. This jump is almost entirely to meet the British market demand.

Similar increases are reported in other branches of agricultural marketing. The 257,000 head of cattle sold in 1940 is expected to be exceeded this year. Butter production so far this year is more than 20% higher than at the same date in 1940. More cheese is being produced this year than a year ago.

All this has accelerated activity in the industrial plants in the cities. Packing companies are operating at capacity to handle the meat orders.

Relief Figures Down

The big drop in relief figures does not reflect any major industrial expansion locally. Such expansion has been lacking to a point that has brought repeated requests from many organizations in the province for a greater share in the war activity.

But building for the Air Training Plan, coupled with the rush of home building, has taken many men from the relief rolls. In Edmonton at May 15 the relief rolls included a total of 3,500 persons as against 7,000 a year ago. The provincial total recently was given as 18,525 relief recipients, a decrease of 17,070 from a year ago.

Short Skilled Men

But others have taken positions in industrial firms in other parts of Canada. Many of these were skilled workers and the exodus, coupled with the demand in some quarters here, has resulted in a shortage of skilled labor.

Railway shops in Edmonton are expecting a further shortage of skilled workers. And a new aircraft repair depot constructed by the Dominion Government at the Edmonton airport is expected to employ about 1,200 men in mechanical trades by fall. This latter plant is the single industrial addition to Edmonton and is one that likely will be of permanent benefit, particularly in providing employment to a large group of men.

Fewer "Hired Men"

So far as farmers are concerned, few are seeking male labor this year. With reduced wheat acreage and higher taxes to meet most farmers are expected to get along by doing their own chores and general farm management.

Without important industrial expansion which could be kept active after filling the immediate war needs, Government officials fear there is little permanent benefit in the improved employment picture. The packing plants and railways are rushed because of strictly war-inspired increases in business.

Lumber camps throughout the province and lumber yards in the cities are operating at top speed. They are filling orders directly resulting from war needs.

Hundreds of New Jobs

Almost anywhere in Alberta at the moment almost anyone skilled in mechanics or acquainted with the building trade can get employment. The air training scheme alone has accounted for hundreds of jobs. Construction of airports is going on at every city in the province, near many of the towns and a chain of airports is being started in the north country.

To the thousands living in Alberta cities the changes in agricultural production brought about by the war are not particularly evident. But all Albertans, urban and rural, are daily backing the war effort. War savings are mounting and the addition of thousands of uniformed men is producing generally improved business conditions for merchants. How far into the future that improvement will carry is something else.

TAIT PROMOTED

English Electric Company of Canada Ltd. announces that at the annual meeting Andrew S. Tait was promoted from general manager to the position of vice-president and general manager. This company has doubled its staff, and its output of electrical equipment is at an all-time high. About 60% of the products are for use in munition plants.

Butter Price Fixing Thin Edge of Wedge

From Our Own Correspondent

OTTAWA. — Fixing a minimum price for butter is viewed as the thin edge of a more far-reaching price-control system by the Government. This control is expected to spread to other primary products and eventually to manufactured goods.

The policy of the Wartime Prices and Trade Board has been to interfere as little as possible by price fixing. In one or two instances it has been deemed necessary to set maximum prices, but manufactured goods have been generally untouched to date.

Excellent co-operation has been received by the Board from manufacturers in all parts of the country. This is evident in the relatively slow and moderate rise of the cost of living since the war started. Prices of finished goods have risen less in most cases than the costs of labor and raw materials.

The problem of keeping prices under control has been comparatively easy up to this time. Now the country is entering a period where the regulation of prices becomes more complicated.

The problem facing the board is twofold. On the one hand there is the demand for minimum prices by those producers who have experienced a severe contraction in markets. On the other is the "squeeze" on the group, mainly manufacturers, producing goods in which the cost of imported materials and labor are steadily rising.

In the last war there was an abnormal demand for all kinds of goods. Maximum prices were set in some lines to keep them from getting wholly out of hand.

In this war instead of a shortage, there is a surplus of basic foodstuffs.

Low price of farm products has brought considerable pressure on the Government to establish a minimum price. Even before the war a minimum price was fixed for wheat. Now it has been done for butter. As the war progresses similar action is expected for other farm products.

Change in Policy

The assistance given to the farm producer denotes a vitally important change in government policy which will not go unnoticed by producers of manufactured articles. Not all industry is engaged in war work.

These non-war industries are an important part of the Canadian economy. Unlike the war industries they are finding it increasingly difficult to meet the rising cost of materials and labor, more particularly the latter. They have had no expansion in operations permitting them to reduce overhead to absorb the additional costs. The law of supply and demand works against this group and it is from them that a demand is expected to develop for minimum prices. Having made such a move to help the farmer, the Government will find it difficult to resist this pressure.

An outstanding example is newsprint. There has been no change in the price of newsprint paper since the beginning of 1938. In the past competition among operators has been exceedingly keen. The newsprint industry has achieved a comparatively high degree of stability in recent years. But the weakness in the present structure is the constant threat of possible price cutting in order to "fill up the mill."

Keep Prices Down

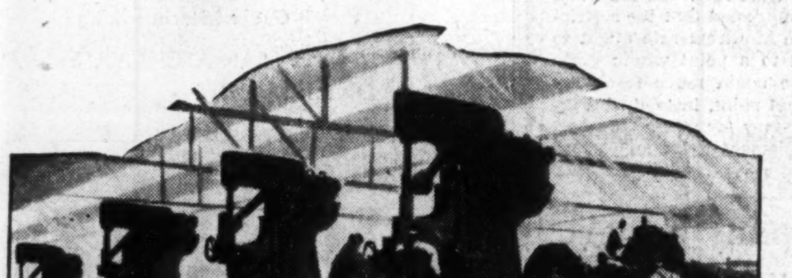
In other industries the problem is one of keeping prices down. The war industries, for instance, have been most successful in keeping prices at or near pre-war levels for that portion of their output going into civilian use.

The increase in buying power since the start of the war has come largely from one group—the worker. Taxation has had but little effect in limiting his purchases and civilian consumption continues at an abnormally high rate.

Up to now the Government has moved slowly in restricting consumption, but further moves are inevitable. With the capacity to produce for civilian consumption lessening all the time and the demand growing rather than diminishing price rises become irresistible.

Forced Saving?

Unless there is adoption of some policy like forced savings (which does not seen likely for the immediate future), the Government may have to adopt some general form of rationing. A start has already been made with automobiles, with Ottawa applying the brakes on new car production. Curbs have also been applied against new building. A general extension of this policy would automatically achieve what is not now being done on a voluntary basis —limiting of civilian consumption to make available a greater volume of goods for war purposes.



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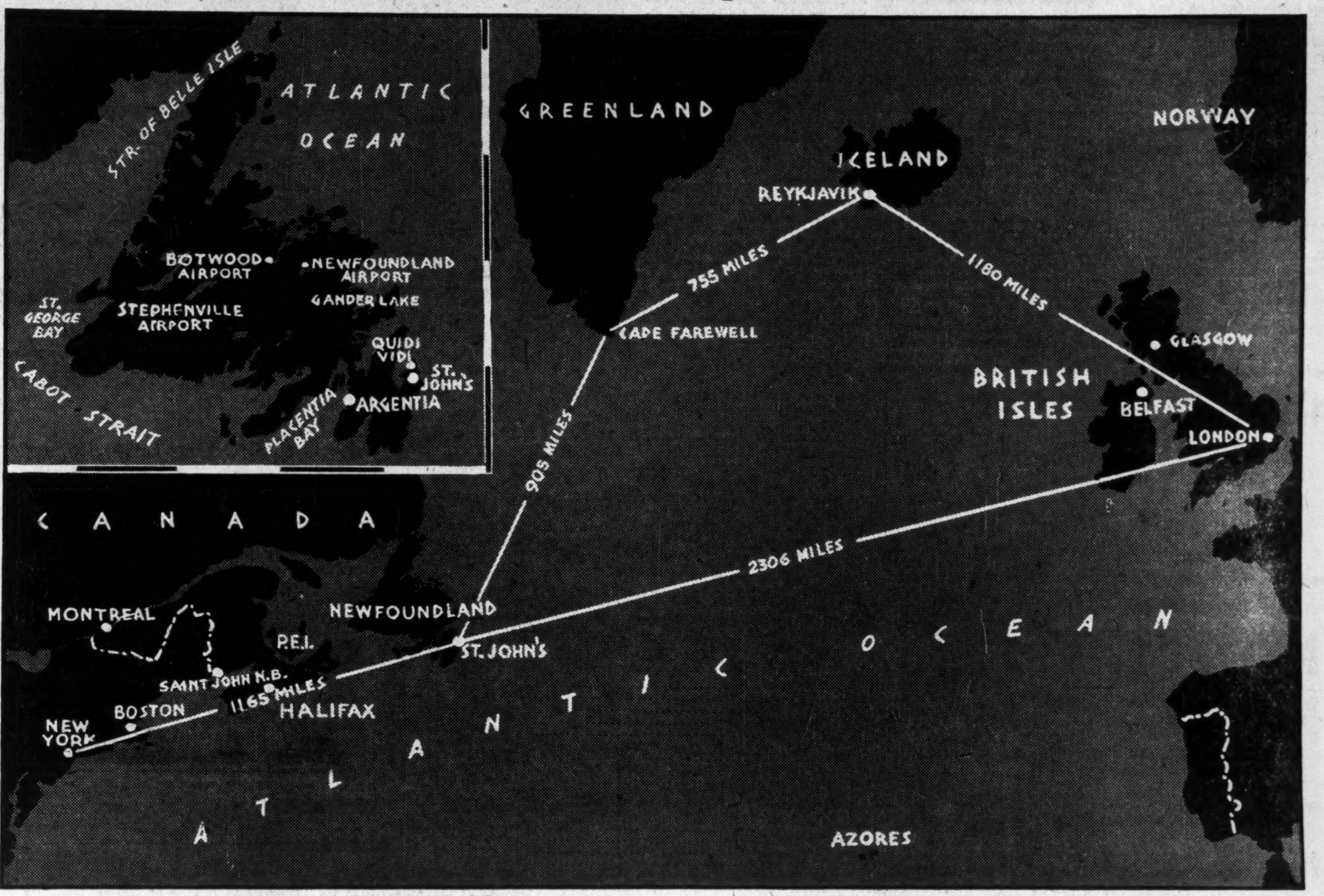
Newfoundland: Spearhead of Defense

Britain's Oldest Colony Vital Gateway of Atlantic



By R. A. Draper

Staff Writer, The Financial Post

The wave of world conflict has swept war up to the rugged shores of Newfoundland.

The historic and peaceful Island is being transformed into a bastion against Hitler's onrushing hordes as fast as the hands of man can hew the rocks and level the fields.

Athwart the mouth of the St Lawrence, the Island is becoming a pivot in the chain of bases defending the North American continent. Canada and the United States are hastening plans for defense against attack by any power or combination of powers conquest bent.

The broad strategic programme of potential invasion is evident.

The German-occupied countries of northern Europe could provide an embarkation point for invasion troops. Dakar or any other French possession that would fall into Axis hands would be a grave threat to the vital Panama Canal area.

In every respect Newfoundland offers an ideal bridgehead for invading forces. A hostile power firmly entrenched could blast New York and Montreal—only three hours flying time from Newfoundland bases. It could be used for a springboard for the invasion of Canada.

Strategic Defense Link

But the Island possesses considerable potential defensive might. The rugged terrain weighs heavily in favor of defense. Sea and air power based here could meet any invasion threat far out to sea. The seas could be swept clear of marauding submarines or aircraft from Greenland to Virginia.

Possessing no armed forces itself, Newfoundland defense was nonexistent prior to the outbreak of war. The Empire quickly moved Canadian troops to the Island to stave off any sudden thrust by the enemy, and to protect the sprawling Newfoundland airport.

The latter, built at Gander Lake for a transatlantic terminus of Imperial Airways, is one of the largest airports in the world. On the easternmost tip of the North American continent its value as the jumping-off place for Europe-bound planes has long been recognized. From this point U. S.-made bombers are roaring in ever-increasing numbers to strengthen Britain's striking force.

As the conflagration of war spread, the United States laid its plans for defense of the continent; entered into the historic destroyer-bases swap with Britain.

U. S. Builds Three Bases

By the deal U. S. was leased bases in British possessions in the Western Hemisphere. Three bases in Newfoundland were given Washington—at Quidi Vidi, Argentia and Stephenville.

These bases complete the Atlantic defense chain, stretching from Greenland to South America.

The new bases created much interest in the U. S.—as to the nature of territory taken over, the people, social and economic conditions in the possessions.

Newfoundland in particular received much superficial and some unfair comment.

Newfoundland is poor. Public services have improved but are still below North American standards. Diet is not so varied as with its richer neighbors.

But Newfoundland is not losing a fight against starvation or poverty. It is waging an unremitting and uphill fight against dire economic conditions, and is looking to the day when it will have its Dominion status restored—not as a part of the United States, but a self-governing unit in the British Empire.

Finance Plans Disrupted

War has necessitated some curtailment of the ambitious rehabilitation programme. Revenue sorely needed for public services is being diverted to meet the operating deficit and lighten the financial load on Britain.

The new place of Newfoundland in relation to its powerful neighbors carries with it far-reaching implications. Both its trade position and form of government may be changed by the new defensive alignment.

A small planet in a large constellation, the Island finds itself drawn more to the U. S.-Canada orbit than prior to the war. The attraction which either of these forces exert and the post-war position of Britain will largely determine which course it will take.

Newfoundland's ultimate destiny obviously lies along one of three paths:

(1) As a Dominion within the British Empire.

(2) A 10th Canadian province.

(3) A part of the United States.

If a poll could be taken it would reveal an overwhelming desire for the first course. The intangible ties that bind the British Empire together are nowhere stronger than between the Mother Country and its oldest colony.

But before autonomy can be restored it must first be demonstrated that Newfoundland can be made self-supporting.

The rehabilitation programme of the Commission of Government has not shown results to indicate this objective can be reached in the near future.

In no British Dominion or Colony have enlistments to the armed forces been more enthusiastic. Newfoundland sailors man cargo vessels along the vital Atlantic sealanes. Newfoundland airmen carry destruction to German war industry. Its soldiers stand ready to beat off invasion of Britain. Its loggers release British man power for wartime industry.

The second course, inclusion of the Island colony in Canadian Confederation, has been the subject of debate since pre-Confederation days.

Geographic proximity to Canada and the new significance of the Island in defense have revived these discussions.

Part of the same Empire and with the same concepts of government the defenses of both countries are intertwined. This mutual interest may open the road for closer collaboration in the political and financial sphere.

Case Against Union

Talk of Confederation with Canada preceded Confederation of the Canadian provinces themselves and it has received much attention through the changing phases of Canadian-Newfoundland relations. But it has never been implemented for a number of reasons.

The Newfoundland case against Confederation is based on important considerations. Newfoundlanders want to have Dominion rights restored, but in Confederation the provincial government would be junior to the Dominion.

Taxation in the Canadian provinces is on a higher level than in Newfoundland and Newfoundlanders believe their pocketbooks would be hit by new taxes. With the removal of protective customs barriers, Newfoundland merchandisers and manufacturers see a serious competitive threat to their commerce. The Island's principal source of revenue would be removed by transfer of this privilege to Canada.

Objections from the Canadian side have been no less strong. The new province would have lower grade services than provinces already in Confederation. Rehabilitation of finances and creation of a self-supporting country would become the responsibility of Ottawa. Unemployment relief would have to be assumed by Canada.

No official intimation has been given that Ottawa has considered the subject, or taken it up with London. Many times the matter has been brought up in the House of Commons but no official reaction has been voiced. Technically, London can dispose of Newfoundland as it sees fit. It could be handed over to Canada or the United States, or returned its Dominion status. Actually, there is no fear in the minds of Newfoundlanders that any step would be taken without their consent.

What to do with Newfoundland's debt is a thorny problem in considering Confederation proposals. Burdened with an excessive debt already, Canadians are not kindly disposed to assume Newfoundland's obligations. Champions of union argue that Britain should take over the large debt and leave Newfoundland come into Confederation with a clean slate.

There would also be dislocation of industry in Canada as a result of absorption of Newfoundland into the Dominion.

Two of the Island's chief industries, fishing and pulp and paper come in competition with the Maritime fisheries and Canadian pulp and paper manufacturers. But at the present time, the pulp and paper industry is operating at near capacity levels and the near-range outlook would not be appreciably altered by union. Free entry of Newfoundland fish into Canada would be damaging to the Canadian fishing industry.

Belle Island iron deposits of Newfoundland have been of value to Canada's steel programme. These deposits, however, have always been available to Canadian smelters, but because of their relatively low grade and availability of supplies from other sources, have not been used to as great an extent as possible. A large part of the ore was shipped formerly to Germany.

Apart from considerations of defense, it is improbable that the United States considers Newfoundland in any different light because of its new defense interest in the Island.

The average U. S. citizen either did not know of its existence or thought it a part of Canada until regaled with colorful stories of the new outpost of defense.

From the Newfoundland viewpoint many of the same objections hold true of union with the U. S. that exists in regard to Confederation:

Injurious competition from U. S. industry; loss of existing revenues, and abandonment of autonomy. Intense pro-British sentiment would appear to preclude more than a cordial cooperation between Newfoundland and the United States.

These three alternatives are necessarily long-range developments. But in the meantime the Island continues to wrestle with its own problems.

Since 1939 conditions, both economic and social, have undergone marked changes.

The important pulp and paper industries at Corner Brook and Grand Falls have been working at near-capacity levels. Newsprint production in 1940 reached a record peak.

Mining activity has been high, despite the loss of Germany as an importer of iron ore. This has been largely offset by increased activity of Canadian smelters.

Situation in the fisheries is more satisfactory than for some time. Catch has not been as great as in former years because of the diversion of men and equipment to other pursuits. But surplus stocks have been cut to a minimum and it has been possible to maintain adequate price levels.

The employment situation has been materially improved. Army, navy and Empire air force enlistments are directly and indirectly responsible for closing the ranks of the unemployed.

Construction work on the U. S. bases and Canadian military establishments has created employment for many categories of workers. All but a small minority of those employed on the U. S. projects will be local labor. It is estimated that when the work is in full swing, 10,000 will be employed. It is expected the work presently contemplated will take two years to complete.

Payrolls from construction work, in addition to the spending of U. S. and Canadian troops, have given a great stimulus to retail business. Even after the first spurt subsides, outlay of American military, and naval establishments will have a long-range effect on the Island's commercial and social life.

Modernizing the Fisheries

The tourist business has suffered from war, but this may be corrected to some extent this summer by visitors to the troops stationed in Newfoundland, and by spending of the troops themselves.

The Government is attempting to modernize the ancient salt codfish industry and develop new methods and markets for fish. But the attractive alternatives which are offered fishermen in construction work and other activities threaten to further decrease the number of hardy Newfoundlanders following the fisheries.

Government's Load Light

With the halving of employable unemployed labor in the past year, one of the most grievous burdens of the Commission of Government is lightened. Over the next two years prospects for higher per capita income are bright. The new income will reach the strata of population which was formerly the core of the unemployment problems — fishermen and unskilled laborers who found only seasonal employment, and were dependent upon the dole for the rest of the year.

The Commission still pins its faith on the rural reconstruction programme to lessen dependency of Newfoundland upon fisheries. In the Government's last fiscal year $688,888 was spent for rural reconstruction, compared with $380,614 the year before. The Commission is encouraging establishment of new industries and seeking ways of diversifying industrial activity.

Since the outbreak of war Newfoundland has been striving to cut the amounts which the British Exchequer pays every year to meet the Island Government's operating deficit. In 1940 the amount met by the grant-in-aid was reduced to $2 millions from $4.3 millions in 1938-39.

Float War Loan

Responsible to a large extent for this reduction was flotation of a $1.5 million loan in June, 1940. Taxes have been heavily increased and the Government sells war savings certificates, much in the same manner as the Canadian scheme.

Financial outlook for the current year ending June 30 is for increased revenue and decreased expenditure. In the first 10 months of the year revenue increased from $10.1 millions to $12.2 millions, while expenditure decreased from $12.3 millions to $11.1 millions. Deficit of $2.2 millions has thus been changed to a surplus of $1.1 million in the 10 months period, indicating a completely balanced budget for the full year.

The Newfoundland budget, which is expected to appear early in July, will probably contain provision for further war changes and heavier tax impositions.

Not all avenues of taxation have yet been tapped and the finance minister is expected to take a leaf out of Canada's war finance book and demand even greater sacrifices from taxpayers. Whatever the sacrifices Newfoundlanders will endorse them as they have other war measures of their Government.

Although indirect, Newfoundland's financial contribution to Britain is nevertheless as real as if the Island had purchased guns and airplanes itself.

No greater in population than one large English or Canadian municipality, Newfoundland is a symbol of the Empire that is holding off the German Gengis Khan. Faced with discouraging domestic problems it has given its resources of man power and money unreservedly to the Empire's cause.

War Changing Life

Newfoundland, the ancient colony of England, with its Heart's Delight, Heart's Content, Gooseberry, Kitty's Brook and countless dreamy villages is hearing the ominous roar of the waves of war these days as they roll across the storm chopped Atlantic, and it brings with it far-reaching implications.

The Newfoundland way of life is being changed as it never has since Cabot returned to Europe in 1497 with his tale of a New Found Land.

This striking photograph shows an American-made bomber warming up at a Newfoundland airport, just before taking off for the transatlantic crossing, another delivery for Britain's fast growing air armada. Though one of the most dramatic ways this continent is aiding Britain, such cross-the-ocean deliveries to the United Kingdom go on almost daily.

Newfoundland Balances Its Budget

Higher Taxation, Better Revenues Ease Britain's Burdens

The current financial year of the Newfoundland Government ending June 30 will show marked improvement. The Island will balance its budget and implement its promise to relieve the British Government of the burden of deficits.

In his budget address of July 3, 1940, Hon. J. H. Penson, Commissioner for Finance, announced Newfoundland would not need financial assistance from the United Kingdom in balancing its budget for the duration of war.

Interest on public debt was paid in full at the end of December last year, and provision has been made for payment of interest and sinking fund due at the end of the current month.

With proceeds from the sale of war savings certificates the Government is expected to report a surplus this year on operations and the usual grant from the British Exchequer will not be necessary.

The improved position of the Government's finances is due to two factors: Reduction of expenditures, and increase in revenue because of war taxation.

Newfoundland has patterned its war finance plans much after the Canadian and other Empire countries in meeting the tremendous cost of war. Although it maintains only a small defense force itself, Newfoundland has imposed heavy taxes upon its population to render financial aid from the Mother Country unnecessary during war. It has, of course, contributed a large number of men to the British armed forces, but does not aid directly in maintaining them.

No Grant-in-aid

Its finance plans have unfolded by stages. The programme was implemented progressively in November, 1939, and July and November, 1940. Cardinal plank in the programme was announced last July: that no further grant-in-aid would be required for the rest of the war.

Last November it was announced by the Commissioner for Finance that this objective had been reached and a small surplus was shown, after taking into consideration the sale of war savings certificates.

A balance has been reached in the current year although nearly $1 million had to be provided for special war services, including cost of the Newfoundland defense forces.

Newfoundlanders will hear what government will cost next year at the budget speech some time in July. Results for the year ending June 30 will be made known then.

Meet Debt Charges

The budget is expected to carry Newfoundland another step along the road in its war effort and include taxation programme for the year.

It is many years since Newfoundland has been able to meet out of revenue interest and other debt services. Even prior to 1933 expenditure for this purpose was largely raised by borrowing.

Public debt service in the current year is being met out of current revenue, and it is not expected the Commission of Government will raise another war loan. Last June the Newfoundland public subscribed to a voluntary loan of $1.5 million to relieve the United Kingdom of paying a large grant-in-aid for the past year.

Newfoundlanders have responded well to the Government's appeal for funds through the medium of war savings certificates. It is the Government's intention to devote these proceeds to the war effort, as well as balancing the budget.

Newfoundland is also contributing to the war effort in the field of foreign exchange. Every year it has a surplus of U. S. dollars which aids in strengthening the exchange between the Canadian dollars and U. S. funds. Normally Newfoundland also yields a surplus of sterling exchange, but at present it is attempting as far as possible to keep its exchange position with the United Kingdom in balance, so as not to add to the dollar deficiency of Britain.

The Newfoundland Foreign Exchange Control Board works in close co-operation with the Canadian Board and operates on parallel lines to those in the Dominion.

Revenue Gains Sharply

Monthly financial statements of the Newfoundland Government have shown the results of war finance policies in steadily mounting revenue.

In April revenue totalled $1.7 million, an increase of $572,481 over the same month last year. Expenditure decreased from $906,826 to $873,432.

In the 10 months period to the end of April, revenue amounted to $12.2 millions, compared with $10.1 millions in the corresponding period last year. Expenditure totalled $11.1 millions, compared with $12.3 millions.

In this period a surplus of $1.1 million was shown, against a deficit of $2.2 millions in the same period last year.

Following are comparative revenue and expenditure for April and the 10 months ended April 30:

Revenue and Expenditure
April

Revenue:	1941 $	1940 $
Customs	974,085	689,405
Posts and telegraphs	58,608	52,743
Assessor of taxes	572,319	310,190
Natural resources	14,876	23,808
Other revenue	124,624	95,885
Total	1,744,512	1,172,031
Expenditure:		
General	873,423	906,826

10 Months Ended April 30

Revenue:	1941 $	1940 $
Customs	9,049,469	7,312,964
Posts and telegraphs	664,639	597,697
Assessor of taxes	1,410,028	1,237,253
Natural resources	185,263	202,297
Other revenue	911,560	724,362
Total	12,220,959	10,074,573
Expenditure:		
General	9,657,631	10,854,869
Debt charges	1,484,227	1,413,118
Total ..6	11.141,856	12,267,987

In the year ended June 30, 1940, the Government reduced its grant-in-aid from Britain to $2 millions from $4.3 millions in the 1938-39 fiscal year. Largely responsible for the reduction was the $1.5 million loan last June.

Higher taxation was reflected in an increase in ordinary revenue from $11.2 millions to $12.6 millions. Customs receipts were up by $966,559 to $8.8 millions, while posts and telegraphs rose by $48,807 to $813,721. Assessor of taxes, which includes income tax, was up $205,343. Liquor control yielded $42,120 more.

Every year the Government sets aside between $3 millions and $3,250,000 for sinking fund. The bulk of this is paid annually to London to amortize Newfoundland's public debt incurred prior to 1934. The whole of the sinking fund payment is included in total expenditure for the year. This amount is therefore being paid out of current revenue.

Following are comparative accounts of revenue and expenditure for the 1940 and 1939 fiscal years:

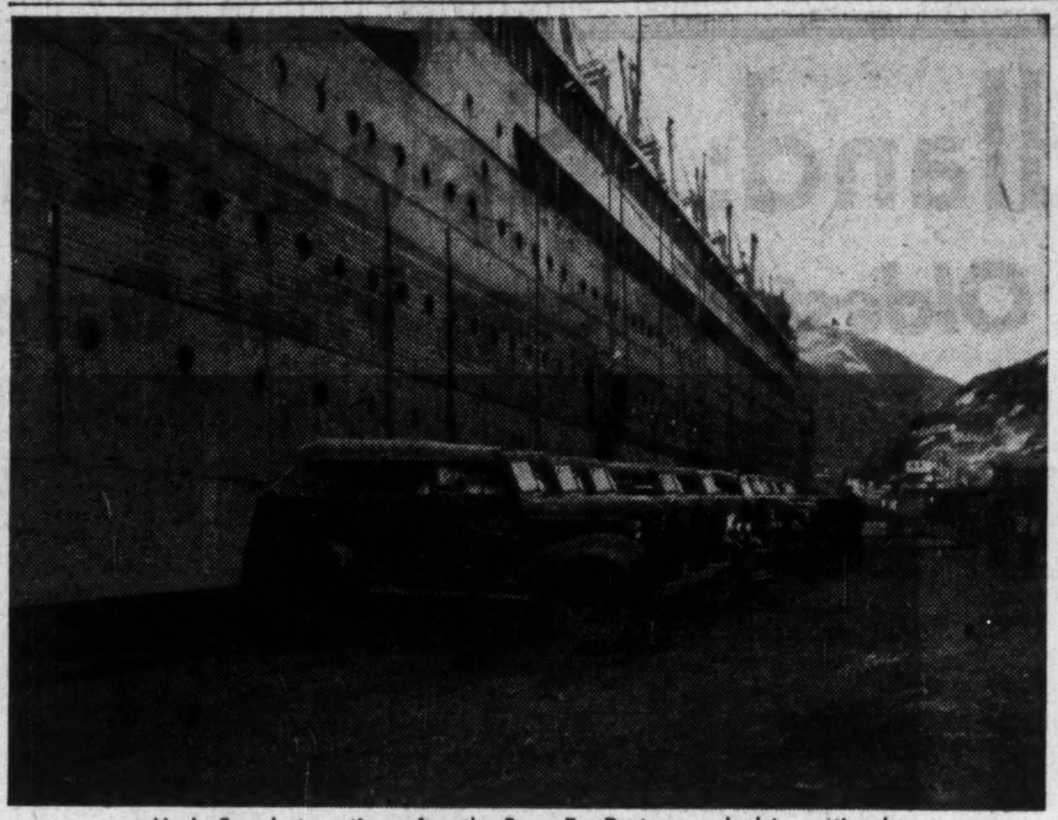
Government Accounts
Years Ended June 30

Revenue:	1940 $	1939 $
Finance	152,721	129,857
Customs	8,785,027	7,818,468
Post. and telegraphs	813,721	764,913
Assessor	1,672,461	1,467,118
Home affairs	1,557	1,718
Education	22,509	20,639
Justice	12,079	10,160
Natural resources	197,554	174,098
Rural reconstruction	15,292	54,605
Public works	274,786	212,410
Health and welfare	101,084	102,737
Liquor control	432,121	390,000
Colonial development	90,103	73,750
Ordinary revenue	12,571,015	11,220,473
Grants-in-aid	1,970,662	4,337,475
Col. devel. grants	11,961	21,714
Nfld. Ry. loans	874,925	......
War loan	1,500,000	......
Repayable advances	......	107,113
Total revenue	16,928,563	15,686,775
Expenditure:		
Debt charges	3,588,417	3,748,047
Statutory salaries	42,333	45,000
Cons. fund exp.	3,630,750	3,793,047
Finance	747,657	915,436
Customs	255,752	256,768
Post. and telegraphs	770,031	784,511
Assessor of taxes	21,966	20,547
Home affairs	43,286	42,016
Education	1,453,781	1,284,111
Justice	752,169	635,239
National resources	1,481,942	1,069,425
Rural reconstruction	688,888	380,614
Public works	3,050,883	2,561,414
Health and welfare	3,598,324	3,405,977
Liquor control	50,968	51,696
Col. devel. fund	18,409	88,992
Dom. office loan	902,108	......
Total supply services	13,836,164	11,496,746
Grand total	17,466,914	15,289,793

Recapitulation

	$	$
Revenue	16,928,563	15,686,775
Expenditure	17,466,914	15,289,793
Surplus	*538,351	396,982
Add: Exch. adjusts.	20,825	3,733
Surplus	*517,526	400,715

*Deficit.



Uncle Sam lost no time after the Bases-For-Destroyers deal in getting busy on the Newfoundland sites. Almost before this troop ship's anchor hooked itself into Newfoundland, tractors, trucks, guns and equipment were being swung overside to start the task of building America's base on foreign soil. This line-up of trucks and troop cars parked tight against the ship's side is part of the up-to-date mechanized equipment the army of Uncle Sam brought along.

Sealing Activities Touch Low Spot

Total Catch for Past Season Only $67,179

The Newfoundland seal fishery in 1940 was one of the poorest on record. Net value of total catch in the past season was $67,179, compared with $205,030 in the 1939 season.

While one of the oldest industries the seal fishery in recent years has not been a very satisfactory source of income. Two factors were responsible for the poor showing this year: The smaller number of seals met in the annual trip, and fewer men following the seal fishery.

Of the total catch Bowing Bros. Ltd. accounted for $47,118 of the total and Job Bros. & Co. for $20,061.

Output Once $628,000

The seal fisheries have been of more importance to Newfoundland than at present. In 1910 a high level was reached, with output amounting to $628,009. The past season's catch marks one of the lowest on record.

A complete record of sealing in Newfoundland exists back to 1863. In that year the first steam sealers were used. In the latter half of the 19th century the industry reachits peak when schooners from St. John's and Conception Bay employed about 12,000 men in the hunt. Only a fraction of this number is now employed, because of the relatively greater efficiency of steamships over sailing vessels.

While not on a scale comparable to 1910, it is probable that seal fisheries will continue to be an annual activity in Newfoundland.

Avalon 'Phone Co. Services Climb To New Record

Avalon Telephone Co., St. John's reported an increase of telephones in service of 300 in 1940. There are now 8,800 telephones in the system. Investment in plant increased to $1.7 million.

During 1940 a new toll switchboard was placed in service at St. John's exchange to take care of increased traffic. Negotiations for a hook-up with the Corner Brook area have been completed and wireless telephone will be extended to that area.

Corner Brook will still maintain its own town service and a long-distance switchboard will be installed. The new wireless telephone service will spread the connection west to Bay of Islands. With the construction of a landing field at Stephenville by the United States it is probable that telephonic communication may cover the country from the Peninsula of Avalon to Bay St. George.

Increase in telephone and toll service has necessitated large increases in capital expenditure on plants.

During 1939 wireless telephone service was placed in operation, connecting Burin peninsula and the Grand Falls area with the Avalon peninsula, and through a wireless circuit from St. John's to Montreal with the main telephone artery of the continent. These services were closed down at the outbreak of war, but have been reopened on a restricted basis and subject to censorship.

The company reported gross earnings of $286,938 in the year ended Dec. 31, 1940, compared with $271,202 in 1939. Net profit amounted to $45,089 in 1940 and $44,623 in 1939.

There were $200,000 of 6% preference shares of $25 par value issued in 1940 to finance the company's programme of expansion. At the end of the year there were $30,225 shares of the new preference issued and paid up.

Net profit in 1940 was equal to $2.82 a share on the 7% preference stock, compared with $2.79 in 1939. Outstanding 6% preference earned $37.12 a share. The common earned $1.79 and $1.76 respectively.

Following are officers of the company and comparative financial statements for 1940 and 1939.

R. J. MURPHY—President and managing director.
J. D. CAMERON—Secretary-treasurer.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Gross earnings	286,938	271,202
Less: Op. exp. & tax	142,611	128,217
Depreciation	50,418	49,544
Bond interest	35,730	36,000
Def. assets w/o	......	4,202
Income tax	13,090	8,616
Net profit	45,089	44,623
Less: Pref. divds.	28,209	28,000
Common divds.	16,544	16,545
Surplus for year	336	78
Add: Prev. surplus	2,524	2,446
Surplus forward	2,860	2,524

Working Capital

	$	$
Current assets	107,092	88,882
Current liabilities	74,333	81,259
Working capital	32,759	7,623

Balance Sheet Changes

	1940 $	1939 $
Cash	11,024	3,098
Inventories	20,176	14,513
Accts. payable	42,965	31,159
Bonds	792,000	800,000
6% preference	30,225	......

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12 WATER STREET WEST
ST. JOHN'S, Newfoundland
Enquiries Solicited for Newfoundland

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Avalon — Marconi Radiotelephone Link to Canada and U.S.A.
Local and Long Distance Telephone Service in Newfoundland.
The Avalon Telephone Company, Ltd.
HEAD OFFICE:
ST. JOHN'S, NEWFOUNDLAND

Cables: MONROE, St. John's. Codes: ACME, Bentley.
THE MONROE EXPORT CO., LTD.
St. John's, Newfoundland
Petty Harbour, St. Julian's, Snug Harbour, Burnt Island
Cold Stores: St. John's La Scie, Isle au Mort
Refrigerating Ship: M. V. "Netherton"
General Merchants, Agents & Importers
EXPORTERS OF SALT CODFISH
AND
ALL FISHERY PRODUCTS
TO (normally)
England, Portugal, Canada, United States, Brazil, Jamaica, Barbados, and other West Indian Ports
DRY, PICKLED, FROZEN AND CANNED FISH.
FROZEN BLUEBERRIES, CODOIL AND MEDICINAL COD LIVER OIL
Subsidiaries: W. S. MONROE & CO., LTD.
Bridgetown, Barbados
Commission Merchants and Ships Agents, Codfish, Molasses, Etc.

The Standard Manufacturing Co. Ltd.
St. John's, Nfld.
Makers of Enamels, Fine House Paints, Marine and Industrial Paints
Putty, Shellacs, etc.
Also:
Fishermen's Oiled Clothing, Coats, Leggings, Hats, Aprons, Covers, etc.

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The Dominion Atlantic Insurance Co., Ltd.
Business Solicited in Newfoundland Only.
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THE products of Canadian Industries Limited, Canada's great industrial chemical organization, are available in Newfoundland through the direct sales offices of C-I-L in St. John's, and, in some instances, through Newfoundland distributors.
C-I-L DIVISIONS
"CELLOPHANE" DIVISION
PLASTICS DIVISION
ALKALI DIVISION
GENERAL CHEMICALS DIVISION
Sole Newfoundland agents for Imperial Chemical Industries, Limited, Great Britain, and E. I. duPont de Nemours and Co., Inc., of Wilmington, Del.
Ammonia Distributors: W. Clayton Construction Co. Ltd., St. John's.
MINING AND ORGANIC CHEMICALS DIVISION
SALT DIVISION
Distributors: T. A. MacNab & Co., Ltd., St. John's.
"DOMINION" AMMUNITION DIVISION
EXPLOSIVES DIVISION
"FABRIKOID" DIVISION
PAINT & VARNISH DIVISION
Distributors: Harvey & Co. Ltd., St. John's.
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• The C-I-L Oval is more than merely a trade-mark—it is even more than the identifying symbol of a great industrial chemical organization. It is your assurance that any product on which it appears is made to an exact standard of quality under constant laboratory supervision.
C-I-L
CANADIAN INDUSTRIES LIMITED
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Head Office: Montreal
Factories and Branches throughout Canada

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PREMIER DEPARTMENT STORE
Dry Goods
Men's Wear
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Pianos and Organs
Radios
Jewellery
Grocery
Provisions
FIRE INSURANCE
Agents for
Law Union and Rock Insurance Co. Ltd.
London and Lancashire Insurance Co. Ltd.
AYRE & SONS LTD.
Branch at Botwood St. John's, Nfld.

CITY OF ST. JOHN'S
NEWFOUNDLAND
●
Facts About St. John's
The following facts concerning the City of St. John's are of interest:
First elected council took office in 1888.
Present population of City: 44,000.
The City has a Property Valuation of $40,000,000.00.
Annual Rental Valuation: $2,192,000.00 (on which taxation is based).
Fire Insurance Premiums collected within the City amount to approximately $300,000,000 annually.
THE CITY DEBT. The City debt of $1,000,000.00 to the Government of Newfoundland at 3 per cent interest; loans from the Bank $515,000.00; bond issue of $500,000.00 has been reduced to $240,000.00.
WATER SUPPLY
The water supply is secured from Windsor Lake, situated five miles from the City of St. John's. The elevation of the lake is 500 feet above the City. Area of watershed: about twenty miles. A practically inexhaustible supply of first-class water is available for all requirements. Water pressures all over City are maintained at 80 to 130 lbs., which ensures ample fire protection. Although the supply is capable of giving 20,000,000 gallons per day, the average daily consumption at present is only 7,000,000 gallons.
In addition to the main water supply, an auxiliary supply is situated at George's Pond. This, however, is only used in case of emergency.
POWER AND GAS
Hydro-electric power is supplied by the Newfoundland Light & Power Company in conjunction with the United Towns Electric Company, Ltd., at a low rate. Ample power is available for future development.
St. John's Gas Company. New capital has been acquired to increase the scope of the company's activities and to supply gas to residences and for power purposes.
STREETS
Fifty miles of macadam roads; 2 miles paved roads; over 13 miles of concrete walks. Both concrete walks and paved roads will be increased in the very near future.
BANKS
Branches of the following Canadian banks are located in St. John's:—Canadian Bank of Commerce, Bank of Montreal, Bank of Nova Scotia, Royal Bank of Canada; also Head Office of the Government of Newfoundland Savings Bank.
EDUCATIONAL
The following are some of the City's well-equipped educational institutions:—Memorial University College, Bishop Field College, St. Bonaventure's College, Prince of Wales (United Church) College, Bishop Spencer College, K. of C. Memorial School, Presentation Convent Schools, St. Patrick's Hall and Holy Cross Schools.
MANUFACTURING
Some of the leading industrial firms are:
Bennett Brewing Company
Browning-Harvey Factories
Carnell's Carriage Factory
Chalker & Co. Ltd.
Colonial Cordage Company
Wm. Dawe & Sons, Ltd.
Harvey-Brehm Butter Company
Horwood Lumber Company, Ltd.
Imperial Tobacco Co.
Lawrence's Carriage Factory
Newfoundland Boot & Shoe Factory
Newfoundland Brewery
Newfoundland Butter Company
Newfoundland Clothing Company
Newfoundland Furniture & Moulding Co. Ltd.
Newfoundland Lime Mfg. Co. Ltd.
Parker & Monroe's Shoe Factory
Pope's Furniture Factory
Purity Factories, Ltd.
Riverside Woollen Mills, Ltd.
Standard Manufacturing Company
United Nail & Foundry Company
White Clothing Company
Head offices of the United Towns Electric Company and Avalon Telephone Company, Ltd., are situated in St. John's.
HARBOUR and SHIPPING
St. John's land-locked harbour is one of the best on the Atlantic sea-board.
All steamers must pass St. John's on the way to and from Canada, the United States and Europe.
ST. JOHN'S MUNICIPAL COUNCIL
Mayor: ANDREW G. CARNELL
Councillors:
J. R. CHALKER (*Deputy Mayor*)
J. T. MEANEY
J. P. KELLY,
J. M. TOBIN,
J. J. SPRATT,
KENNETH RUBY,
City Clerk: J. J. MAHONY, J.P.

Cooperative Movement Fosters Self-help

Work Launched in 1935 Shows Broad Activity

The co-operative movement in Newfoundland has been making steady if not spectacular gains since the co-operation division was established in 1936. There are now nearly 90 societies in operation. Results promise a long-range improvement in living conditions for the inhabitants of 1,300 small communities along the 9,000-mile coastline of the Island.

The Commission of Government was thinking along co-operative lines early in its existence. In 1934 it encouraged and aided Miss Margaret Digby of the Horace Plunkett Foundation, London, to come to Newfoundland to study the possibilities of the co-operative movement in Newfoundland. Miss Digby came largely at the suggestion of the late Sir Wilfred Grenfell, and with the support of the Co-operative Union of Great Britain.

Launched in 1935

As a result of Miss Digby's report in 1935 the Commission of Government launched three co-operatives. In 1936 the co-operative division was formed, and it proceeded to base its campaign on the recommendations of Miss Digby. Its work followed a four-part pattern:

(1) Organize producers into study or discussion groups to familiarize them with the workings of their community life. Study potentialities of their communities and methods by which efficiency can be increased and social and economic assets developed.

(2) Group activities promoted: Credit societies, consumer societies, production and market societies.

(3) Community councils established to co-ordinate activities of the different groups and lay foundation for local responsibility.

(4) Rallies and conferences encouraged to create interest, consolidate work and unify objective of producers.

Develop Self-Help

In an address at St. John's in 1936, Sir John Hope Simpson, who was responsible for introduction of the co-operative movement, is quoted by Gerald Richardson, former director of the co-operative division:

"But things will never be right until we have a class of leaders among the population itself, divorced from both politics and Government service. There has been in the past, and is today, far too much reliance on the Government to do things for the people. This is not the only function of Government. The duty of the Government is so to arrange that people shall be facilitated in helping themselves.

". . . Societies truly co-operative cannot exist until the people of whom they are composed are not only educated in co-operative principles and methods, but converted to co-operation as a means, not only of self-help, but of help to the community."

Start on West Coast

The co-operative division started its work on the west coast of Newfoundland, a relatively prosperous section of the country. Study clubs were started, followed by credit unions. A lobster marketing co-operative movement was started with the west coast fishermen, which has grown into the largest lobster co-operative in the world. This organization has had marked success in marketing its output in the United States. By 1940 it had increased in membership to 1,500, who have received more for their work than under the old system, and saved substantial amounts on equipment purchased.

The co-operative movement has also extended to farmers on the West Coast. Most successful aspect of their work has been the pooling of eggs.

The east and south coasts of the Island presented more difficulties for the co-operative movement.

Population of about 20,000 living on Placentia Bay on the south coast suffers more from depressed economic conditions than any other section of the country. There are 150 settlements along the 318 miles, averaging a population each of less than 150 inhabitants. Isolation of these communities is great. Fishing catches are small and many men classified as fishermen have given up fishing because of inability to obtain supplies and equipment on credit. There is virtually no alternative income to fishing.

Considerable resistance to the co-operative movement is offered by low production of fish; low density of population; high costs of services and transportation to achieve centralization of marketable products, and an illiteracy of at least 50% of the population.

Notwithstanding these difficulties the co-operative division has established co-operation in this territory.

Co-operative marketing of lobsters was started at Placentia Bay in 1940, as well as at St. Mary's Bay, which is east of Placentia.

Other phases of co-operation in this area include a canning plant, raising of beavers, buying clubs and retail co-operative societies.

Promote Adult Education

As part of its programme the co-operative division promotes adult education, but lack of compulsory education has handicapped extension of the movement. Study groups are held for discussion of economic and social problems. The work of education is carried out through 1,200 study groups.

Three co-operative summer schools were held last year with an attendance of 240. Handicrafts were taught outpost women. There were 46 community leaders sent to St. Francois Xavier University at Antigonish, N.S., to attend short courses in co-operation.

Director of the Newfoundland Co-operative division from inception in 1939 to late 1940 was Gerald Richardson, graduate of St. Francois Xavier University. The division is now under the jurisdiction of Gordon Howell, acting secretary for the department of agriculture and rural reconstruction.

Corner Brook Has Modern Services

Corner-Brook is one of the most modern municipalities in Newfoundland, and possesses excellent public services and housing accommodation.

It was built by the Armstrong Whitworth Co. of England, in 1922-24 and was first operated by the Newfoundland Power & Paper Co. The newsprint mill, one of the most modern on the continent, was opened in 1925. The plant was taken over by International Power & Paper Co. of Newfoundland in 1927, and operated until August, 1938, by that organization. Bowater's Newfoundland Pulp & Paper Mills Ltd., took over operations in August, 1938.

Corner Brook is situated at the mouth of the Humber River, about 20 miles from the mouth of Bay of Islands. In this area is some of the finest scenery on the Island.

Bowater's operates its own hydro-electric mill at Deer Lake, 30 miles from Corner Brook. Grand Lake and other bodies of water have been harnessed to provide power.

Corner Brook has its own seaport and is linked with the rest of the world by steamship. Main line of the Newfoundland Railway connects the municipality with the rest of the island.

The municipality is located in the centre of the west coast of Newfoundland and provides an excellent jumping-off place for salmon fishers. Some of the finest salmon fishing rivers in the country are directly south of the municipality.

Excellent accommodation is provided by the Glynmill Inn, operated by Bowater's.

A programme of town planning and beautification has been undertaken by the operating company. Sports fields and playgrounds have been laid out and the educational facilities are among the best provided on the Island.

Railway Operations at High Level

Defense Operations Boost Traffic and Revenues

Newfoundland Railway is experiencing one of the best years in its history and it is expected a substantial profit will be shown in the year ending June 30 this year.

Railway traffic has been increasing at a steady rate since Newfoundland assumed its highly important defense position. In the absence of suitable roads to haul heavy materials, the railway is handling the large tonnage of goods and construction materials being transported for the construction of bases for the U. S. army and navy and airport. The Canadian garrisons have also provided the railway with a large volume of business.

As for most other carriers on the continent war has suddenly and dramatically changed the outlook for the Newfoundland road. Substantial operating deficits are being converted into operating profits, and the outlook for some years is considered excellent.

Even before the advent of U. S. construction and the arrival of Canadian troops, the Newfoundland Railway found conditions considerably better than for many years. Great activity in the movement of wood and paper had made operating results more satisfactory.

Passenger traffic is nearing peak levels and the movement of mails of the U. S. bases may provide some revenue for the road.

Passenger Traffic Up

Passenger traffic has been boosted by the war restrictions and irregularity of water travel.

The effects of these changes will be felt to a considerable degree in the current year. A substantial operating profit is forecast, compared with an operating loss of $89,982 in the year ended June 30, 1940, and a loss of $304,468 in the 1939 fiscal year.

Following is comparative revenue and expenditure in the 1940 and 1939 fiscal years:

Operating Statement
Years Ended June 30

Revenue:	1940 $	1939 $
Passenger	531,096	414,838
Freight	1,209,797	1,172,079
Mail subsidies	48,000	48,000
Dining & sleep. cars	93,645	76,772
Miscellaneous	47,395	30,202
Express	151,920	133,406
Paper shed rentals	40,000	40,000
Steamships	925,104	765,862
Dockyard	465,228	429,418
Total revenue	3,512,186	3,110,577
Expenditure:		
Transportation	1,074,423	970,497
Maint. of way	551,771	544,727
Equip. maintenance	407,156	437,194
Dining & sleep. cars	55,953	50,828
General expense	97,824	101,370
Express	26,574	28,588
Steamship oper.	799,551	631,430
Dockyard	439,143	439,182
Pensions	81,199	70,458
Interest*	53,846	58,894
Repayments	7,700	......
Total expenditure	3,595,140	3,414,234
Operating loss	82,954	303,656
Bad debts w/o	7,572	612
Prior adjusts.	......	200
Less: Adjusts.	544	......
	89,982	304,468

*Interest and sinking fund on advances from Colonial Development fund.

Increase in revenues was distributed evenly in all branches of the Railroad's services in the past year. Passenger, freight, dining and sleeping cars, express and steamship operations all showed moderate gains.

Gain in revenue in the current year may be expected to show a much greater rise because much of the improvement in conditions was not felt in the past year.

Steamships

The line's steamship service is expected to benefit to some extent from the greater movement of goods and passengers. The company operates seven boats, one line servicing Port Au Basque with North Sydney. At Port Au Basque connections are made with the main line of the Newfoundland Railway to Grand Falls, Corner Brook and St. John's. Increased passenger traffic from the mainland will be reflected in better revenue for the steamships division.

The railway received the usual annual grant of $250,000 during the 1940 fiscal year from the Government, $100,000 from the Department of Finance and $150,000 from the Department of Posts and Telegraphs.

In addition, the Government paid to the railway $204,468 on account of 1938-39 losses; $50,000 for 1939-40 losses and $934,964 for capital expenditure.

The organization makes no provision for depreciation of capital assets. Capital additions and improvement financed by the Government to June 30, 1940, amounted to $8.9 millions. Total expended for this purpose was only $38,556 greater than this total, and was met from renewals reserve. Assets of the road at the end of the year were valued at $5.4 millions, indicating accrued depreciation of $3.5 millions, for which there was only $4,342 in the reserve account.

Increase Equipment

The company is faced with peak traffic at the present time and depreciation may be expected to become a heavier charge than formerly.

Extra locomotives and rolling stock are being ordered to take care of the additional traffic.

In 1939-40 a loan of £200,000 was obtained through the Dominions Office to finance construction and delivery in Newfoundland of the steamers Baccalieu and Burgeo. This loan is to be repaid with interest of 3½% over 15 years in equal annual installments.

No provision has been made for interest on capital liabilities with exception of advances from the Colonial Development Fund. No insurance to cover fire and marine risks has been carried since 1935.

Hotels Provide Service, Comfort

An unprecedented influx of Americans and Canadians into Newfoundland has created a large demand on the hotels of the Island, which provide excellent accommodation in the principal centres.

In St. John's there is the Newfoundland Hotel and Crosbie House.

The Newfoundland Hotel is Government owned and is of comparatively recent origin. The Crosbie is privately owned and last year underwent extensive renovation.

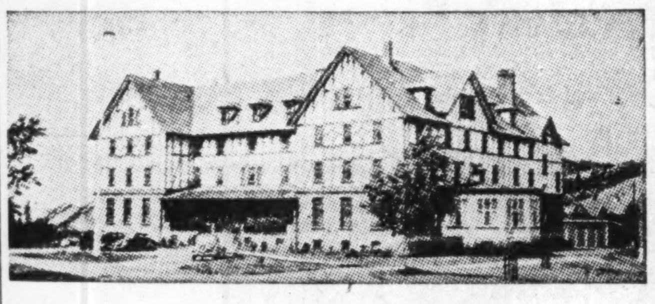
At Corner Brook the Glynmill Inn, owned by Bowater's Newfoundland Pulp and Paper Mills Ltd., is near the best fishing grounds and most picturesque scenery on the Island.

The Staff House is operated by Anglo - Newfoundland Development Co. at Grand Falls and the Bradbury Hotel at Bay Roberts is known for its excellent service.

Financial operations of the Newfoundland Hotel are shown by the Government annual accounts.

In the year ended June 30, 1940, net loss of $9,257 was reported by the hotel, compared with a net loss of $8,073 in the previous year.

Operating deficits are paid out of the consolidated revenue fund of the Commission of Government. The hotel is not obliged to repay deficits, except to the extent of the surplus at the end of the fiscal year.



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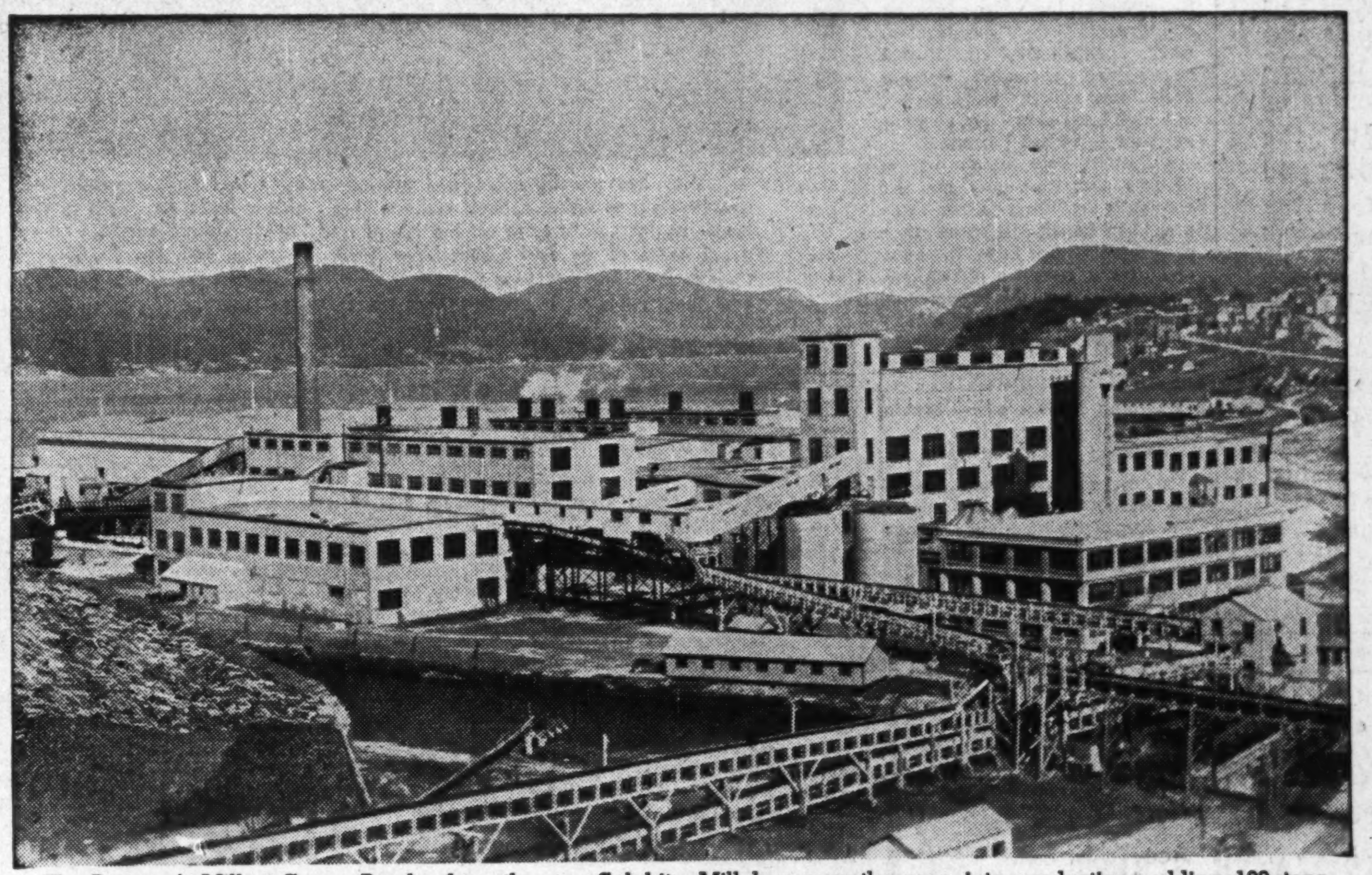

The Bowater's Mill at Corner Brook where the new Sulphite Mill has recently gone into production, adding 100 tons to the daily capacity.

BOWATER'S

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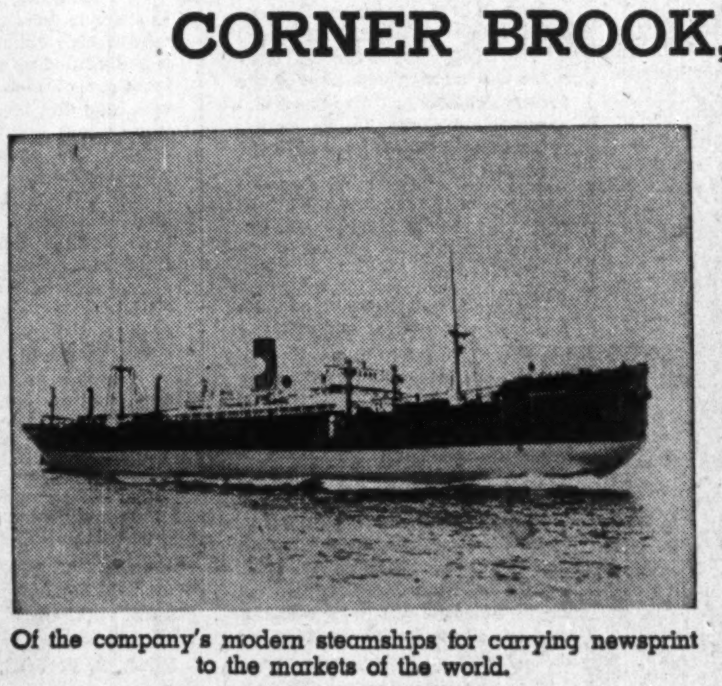
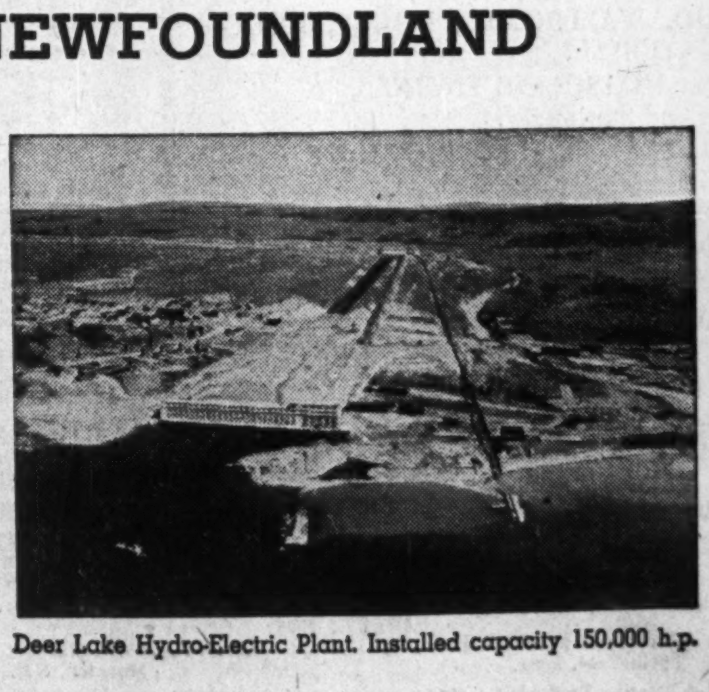
Hydro-Electric Plant with an Installed Capacity of 150,000 h.p.

CORNER BROOK, NEWFOUNDLAND



Of the company's modern steamships for carrying newsprint to the markets of the world.



Deer Lake Hydro-Electric Plant. Installed capacity 150,000 h.p.

AN OPPORTUNITY

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Fisheries Enjoy Better Times

Better Fish Prices Aid Workers, Lighten Government Load

Newfoundland fishermen and merchants are feeling considerably better about the situation in the fisheries these days.

The year 1940 was one of the most satisfactory for many years, and prospects for the current year are considered good. And good conditions in the fisheries is something not experienced for many a day.

In favor of good conditions in the fisheries are:

1. Salt cod stocks held in Newfoundland are the smallest for many years and will be designated for shipment before the new catch is available for export.
2. Outlet for a comparatively substantial quantity of fresh and frozen fish is assured.
3. World supplies of salt codfish are scarce.
4. High prices for fish in comparison with preceding years.
5. Fewer fishermen are following the fisheries than for any time in the past 50 years. Reduction in their ranks has been caused by enlistment in the armed forces, employment on construction work, principally on United States and Canadian defense bases. Local industry and business, at a high level of activity, also has need for increased personnel.
6. Finally, Portugal one of the island's best customers for salt codfish is providing its own shipping for transportation of purchases. This latter factor has been one of the fisheries difficulties, and provision of the importer of its own bottoms comes as a boon to the Newfoundland exporter.

War has greatly intensified marine activity in Newfoundland ports. Here a giant hauser is being spliced while a ship's officer looks on. Ship chandlering is a major business enterprise on the island and Newfoundland sailors wrote one of the great epics of the first Great War, both in service with the Royal Navy and for their tedious and gruelling but vital job of patrolling coastal waters. The same men and their sons are repeating that performance today.

Depressing Factors

Weighing against prosperity in the current year and the period immediately ahead are:

1. An almost complete failure of the sealing voyage.
2. Extremely limited salmon fishery due to impossibility of securing cold storage shipping facilities for the English market.
3. Increased cost of production due to increased taxation and general increase in commodity prices. Increased cost of salt alone this year will increase production cost of salt cod by at 50 cents a quintal.
4. Uncertainty of war developments and their effect upon the island's fish exporting trade.

More favorable marketing conditions for fish and fish products during 1940 was also augmented by developments favorable to Newfoundland fishermen. A large number of the men found opportunities for supplementing their income in other avenues of employment after the fisheries had stopped.

Fish dealers found the year a relatively profitable one.

Even if the fisheries do not prove as profitable as anticipated the results are not going to be as serious for Newfoundland fishermen. In years past they had no alternative, or few opportunities, for other employment. This year any let-down will be cushioned by a wide variety of employment in other pursuits, particularly on construction work on U.S. and Canadian bases. If the prospects for this work look more enticing, the fisherman will probably abandon the fisheries entirely in favor of more lucrative and steadier work offered elsewhere.

1940 Catch Lower

Lessening of the number of men following the fisheries will also have the effect of keeping fish stocks down and maintaining price levels.

Final figures for 1940 production show that production of codfish for the year was approximately 925,494 dry quintals of 112 lbs. each. This compares with 1,053,379 qtls. in 1939. There was 875,494 qtls. salted in 1940, compared with 1,045,236 qtls. in 1939.

Of 1940 production about 7,000 qtls. was exported in ice and 43,000 qtls. was exported in the form of frozen fillets. This compares with 2,428 qtls. shipped in ice and 3,555 qtls. of frozen fillets in 1939.

Fresh Fish Sales Up

Smaller catch largely reflects the fewer number of men following the fisheries during the year.

The increase in fillets and iced fish exported is particularly noteworthy. Major portion of these two types was exported to England. This indicates the large measure of success achieved in development of frozen and filleted fish markets. For many years salt cod has been the principal enterprise of the fish industry of the island. Inasmuch as fresh fish products bring substantially higher prices, the Government has been trying to push this type of export for improvement of income.

Salt codfish is essentially an export for the poorer consuming markets, and the more profitable markets take fresh fish products. It has been the plan of the Government to switch production more and more from salt cod to fresh fish. Evidence of the success of this attempt is shown in the increase in exports of fillets and iced fish.

Salt Cod Prices Higher

Prices for salted codfish were also substantially higher than in the preceding year.

Despite a decrease in production, it is estimated value of exports in 1940 was at least 20% greater than in 1939.

Production in 1940 was rapidly disposed of and by April this year practically the entire output was placed by fishermen. Toward the end of the year prices, both locally and foreign, soared. Fishermen received from 25 cents to $1 a quintal, according to type, size and quality, over the Government minimum prices for at least one half of the year's production.

In addition to substantial gains in export of fresh and frozen cod, production and export of halibut, herring and salmon was also increased.

Export value of fish and fish products, other than salt cod for 1940 amounted to approximately $4 millions. Salt cod exports for the same year brought $6.7 millions.

Comparative statement of exports for 1940 and 1939 and country of destination follows:

Salt Codfish Exports (Dried)
For Years Ended Dec. 31

	1940	1937
Round frozen cod .....lb.	3,484,641	800,248
Cod fillets frozen ...lb.	6,541,835	597,633
Tinned cod.lb.	101,252	5,454
Halibut ....lb.	405,768	196,796
Herring ...lb.	12,240,765	10,016,443
Lobster ....lb.	2,477,289	2,471,243
Herring meal .....lb.	1,190,000	3,883,785
Cod oil...gals.	967,879	843,806
Herring oil .....gals.	295,842	25,908
Seal oil ..gals.	406,420	386,931
Salmon ....lb.	3,750,336	3,159,694
Turbot ....lb.	726,000	473,020

	1940 in qtls.	1939
Spain	132,902	......
Portugal	227,008	120,470
Italy	86,635	168,742
Greece	......	5,590
United Kingdom.	35,540	22,447
Malta & Madeira	3,861	5,407
Brazil	200,810	171,902
U. S. A.	14,880	4,497
Canada	15,694	8,521
Jamaica	90,506	121,945
Barbados	31,453	39,473
Trinidad	14,072	20,326
Puerto Rico	192,414	174,769
Cuba	24,698	20,049
Sundry W. Indies	61,118	22,574
Other sundry ...	9,493	4,932
Total	1,144,084	911,644

Frozen Exports Better

Other fish products are becoming an increasingly important part of Newfoundland exports. Frozen codfish shipments showed marked improvement in 1940, while herring exports were maintained.

Following are comparative figures for 1940 and 1939 of main categories of fish and fish products other than salted codfish:

Liability Eased

Better prices for fish has the double effect of aiding the fishermen and thus decreasing expenditure for unemployment relief and relieving the Government of its liability under its salt codfish guarantee schemes.

Expenditures on various plans the Government has adopted to relieve distress of the fisheries have been particularly heavy. But the fishing industry has been the island's greatest single source of employment, and expenditures for this purpose have, in a large measure, replaced costs that otherwise might have been allocated to unemployment relief.

Since situation in the fisheries brightened, prices have been above the guaranteed minimum and may be expected to continue under existing conditions for some time.

Immediate benefit from higher prices is as yet not evident from Government accounts, but the current year will doubtless reflect the change.

Net cost of guarantees up to Feb. 28 in the current year totalled $456,226, of which $81,739 was applicable to 1938-39; $372,101 to 1939-40, and only $2,386 to the current year.

Payments in the year ended June 30, 1940, amounted to $622,449, which included nearly all the Government's liability under the 1938 scheme that remained unpaid at the end of 1939, and a large part of costs under the 1939 plan.

Portion allocated to 1938 operations during the past year was $372,101, comprised of $874,766 paid exporters direct; $1,062 to shipping companies and exports associations, less $3,727 received from sales of fish taken over by the Government.

Protect Fishermen

The 1939 proportion included in 1940 accounts was $250,348.

The 1939 guarantee scheme was much the same as predecessor arrangements. It protected exporters against loss on foreign sales on certain grades of fish, providing specified purchase prices were paid fishermen.

Exporters also assumed liability for surplus of Labrador fish on hand at May 31, 1940. Joint marketing control was exercised by the Fisheries Board and a committee of exporters.

Royal Stores is Historic Family Unit on Island

Royal Stores Ltd. was formed in 1895 in an agreement between Campbell Macpherson, Archibald Macpherson and Wm. Carson Job. Campbell Macpherson was made president and managing director of the new organization.

The company's first store was erected on the site on which the Job Brothers' store stood prior to its destruction by fire in 1892.

In 1899 Royal Stores Ltd. formed the Royal Stores Clothing Factory, a pioneer clothing manufacturer in Newfoundland. This organization has increased capacity to 300 suits weekly.

In 1905 Royal Stores Ltd. built its furniture store and clothing factory on Duckworth St. In 1906 the company opened a subsidiary organization, Woollen Mills Ltd., at Riverside. This subsidiary manufactures blankets, yarns and homespuns.

Campbell Macpherson died in 1908 and his place was taken by a brother, Archibald Macpherson. Harold Macpherson, present head of the company, was added to the board of directors.

In 1911 an agreement was made between Royal Stores Ltd. and the Anglo - Newfoundland Development Co., which resulted in establishment of the Exploits Valley Royal Stores Ltd., of Grand Falls and Millertown.

In 1916 the Hon. W. C. Job retired as vice-president of the company. Hon. R. B. Job was elected to fill the vacancy left by his brother's retirement.

Late in 1916 agreement was entered into with Martin Hardware Co., whereby Royal Stores Hardware was merged with that of the former company. The new organization become known as the Martin-Royal Stores Hardware Co.

Archibald Macpherson, the company's second president died in 1921, and Harold Macpherson, son of the founder, was elected to the presidency.

In 1922 the company extended its furniture department and clothing factory.

With extension of mining operations at Buchans, an agreement was entered into with Buchans Mining Co. Ltd., in 1927, extending a branch of the E. V. Royal Stores Ltd. to that town.

Campbell Macpherson, grandson of the first president, was added to the board of directors in 1929. Harold Macpherson, president of Royal Stores Ltd., was made a member of the Legislative Council in 1930.

The company's premises at Grand Falls was abandoned in 1936 and a modern department store erected in the centre of the town. This building is one of the most modern and well-equipped organizations of its kind on the island.

Directors and officers of Royal Stores Ltd., are:

HON. HAROLD MACPHERSON, President.

HON. R. B. JOB, Vice-President.

DR. CLUNY MACPHERSON, C.M.G., Director.

CAMPBELL MACPHERSON, Secretary-treasurer.

Appreciates Aid

April 8 in the House of Commons, the British Under-Secretary of State for Dominion Affairs replied to a question as to whether the Government would consider restoration of self-government to Newfoundland. He said:

"I am glad to take this opportunity to express the high appreciation felt by His Majesty's Government for the financial assistance which Newfoundland is rendering to the common war effort by dispensing with an annual grant-in-aid from the United Kingdom Exchequer. In order to meet current administrative deficits the gap is being filled by special war taxations of a wartime nature, and the issue of local war savings certificates. As regards the question of a possible revision of the constitution, it will be appreciated that other considerations besides those arising from the existence of the annual administrative deficit led to the establishment of present system of government. It would clearly not be possible to consider a change at present, but I can assure the honorable members that the position is constantly in mind."

J. C. ELLIS
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The Royal Stores, Ltd
THE HOUSE FOR VALUE
ST. JOHN'S - NEWFOUNDLAND
Branches at Grand Falls, Buchan's and Millertown

Your Money is Well Spent When You Buy
Riverside Products
All Wool Blankets; Union Blankets; Camp Blankets; Motor Rugs; Fingering Wool in all shades; Homespun; Khaki Cloth; Mackinaw Cloth; Coat, Dyers and Suit Fabrics.
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The Royal Stores, Ltd.
WATER STREET — ST. JOHN'S
The Riverside Woolen Mills Ltd.
MAKINSON'S, C. B., NEWFOUNDLAND

St. John's Sporting Centre
Carrying a full assortment of trout and salmon flies, rods, lines, reels, etc. Also football, tennis and hockey requirements.
Importers of
Builders' hardware and tools of all kinds, also farming implements.
Specializing in
English Crockery and China
Martin-Royal Stores Hardware Co., Ltd.
Water St. — St. John's

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Canada's Next-Door Neighbour—
Britain's Oldest Colony—
America's Newest Playground
Invites all lovers of the great out-doors to the finest trout and salmon waters on the Continent.
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Newfoundland Railway
St. John's, Newfoundland

Grant of Base Gives U. S. Wide Powers

Gives Free Entry to U. S. Goods, Use of U. S. Postage Stamps for Troops

The unprecedented leasing of bases on British soil to a foreign power carries important implications for Newfoundland.

On March 26 the United Kingdom and United States signed the historic destroyer-for-bases agreement. Extensive rights, powers and concessions were granted by London to the U.S. in Newfoundland, Bermuda, Jamaica, St. Lucia, Antigua, Trinidad and British Guiana for a 99-year period.

By the agreement the U.S. may undertake any construction work on air and naval bases, including deepening of harbors, channel entrances, etc. It may control all air traffic and communication within the leased areas. It will not interfere with air traffic, navigation or communications of the territories on which bases are located.

In the event of war or another emergency the United States would have its powers expanded to include any measure it deemed necessary for the defense of the area. The bases need not be developed or used, but in that event action may be taken by the United Kingdom or government of the leased territory to maintain law, public health, etc.

One of the most important aspects of the agreement is the allocation of responsibilities for law enforcement between the U.S. authorities and Newfoundland.

While the concessions might be distasteful to Newfoundlanders, provisions for law enforcement will be influenced greatly by cooperation between the two authorities.

Major Concessions

As might be expected the United States reserves the right to complete discipline and supervision over its forces in Newfoundland.

There are two elements which enter into the collaboration on law enforcement: Military, civilian and criminal.

In the military sphere, the United States may try either U.S. nationals or British subject on charges of sabotage, espionage or any offense of a military nature. If the accused person is apprehended outside the bases areas and the offense is not punishable under Newfoundland law, he is to be turned over to the United States authorities for trial.

The Newfoundland Government will enact any legislation deemed necessary for the protection of United States bases or properties.

No civil or criminal arrests can be made in the leased areas without permission of the U.S. commanding officer, but if he refuses permission to Newfoundland authorities to make the arrest, he must turn the accused person over to Newfoundland.

The United States does not undertake to establish courts on the island, and in the opinion of Hon. L. E. Emerson, Commissioner for Defense, will not. Mr. Emerson in an analysis of the situation has stated:

No U. S. Courts

"We are informed by the State Department in the clearest and most explicit terms that it is neither the policy nor the desire of the United States Government to establish any courts in this country other than those usual military courts which are necessary for disciplinary and other military purposes; that this article was requested and inserted as a precaution and that the rights will be exercised only under circumstances which at the present time are not in contemplation."

That a certain amount of anxiety is felt in this regard is admitted by Mr. Emerson:

"The feature of this clause (jurisdiction of American courts) which caused Mr. Penson and myself gravest anxiety was that portion which gave a certain limited right to try British subject for offences committed against American property or security. It is repugnant to our ideas that within the bounds of this Island civil courts of a foreign power should be set up to try offences, particularly where the liberty of one of our own nationals is concerned. But here again we must be reasonable and consider this matter from the angle of those who are assuming the responsibility for these substantial military works."

No Financial Burden

Costs of the construction work will, of course, be borne entirely by the United States. Cost of Canadian military establishment will be assumed by the Dominion.

The financial position of Newfoundland is such that it could not undertake any of this defense work. The Commission of Government is paying for its own defense force, and cannot pay for any proportion of the defense construction.

Considerable expenditure will be necessary in connection with the U.S. and Canadian defense projects, such as additional requirements of the Newfoundland Railway and roads. Newfoundland will need assistance in improving these services, and it is intimated by the Hon. J. H. Penson, Commissioner for Finance, Newfoundland will look to the United States to provide new or additional public services for defense projects.

A substantial portion of Newfoundland sentiment leans to the belief that the United States should be prepared to make economic concessions to Newfoundland, as a result of the granting of bases.

Closer Trade Ties

Reduction of customs duties on imports into the United States for one thing would open up a tremendous market for the Island products, especially fish.

Officially, it is denied that granting of the bases called for a quid pro quo, but it is suggested that closer U. S.-Newfoundland relations are expected to precede closer relations in the economic sphere.

When the present crisis is over negotiations between Washington and St. John's will follow toward the development of mutual trade. It is not improbable that some agreement for the mutual reduction of tariffs between the two countries may be worked out in wartime.

There are three other important aspects of co-operation emerging from the presence in Newfoundland of United States forces: Customs, post facilities and taxation.

Customs is the Island principal source of revenue and therefore its place in the agreement is of utmost importance.

The agreement provides free entry to goods imported into the leased areas by the United States Government, including construction materials. Newfoundland will not claim custom duties on goods for consumption on board a United States vessel.

The U.S. may establish canteens, known as Post Exchanges or Ships' Stores, in the leased areas. These sell goods to the service personnel or civilian employees of the war and navy departments and families. Privilege for goods brought in by persons entering the country for the first time has been extended. These goods may pass through Newfoundland to the leased areas free of duty.

Abuse of these customs privileges would adversely affect revenue from customs, so the U.S. has pledged prevention of any abuse.

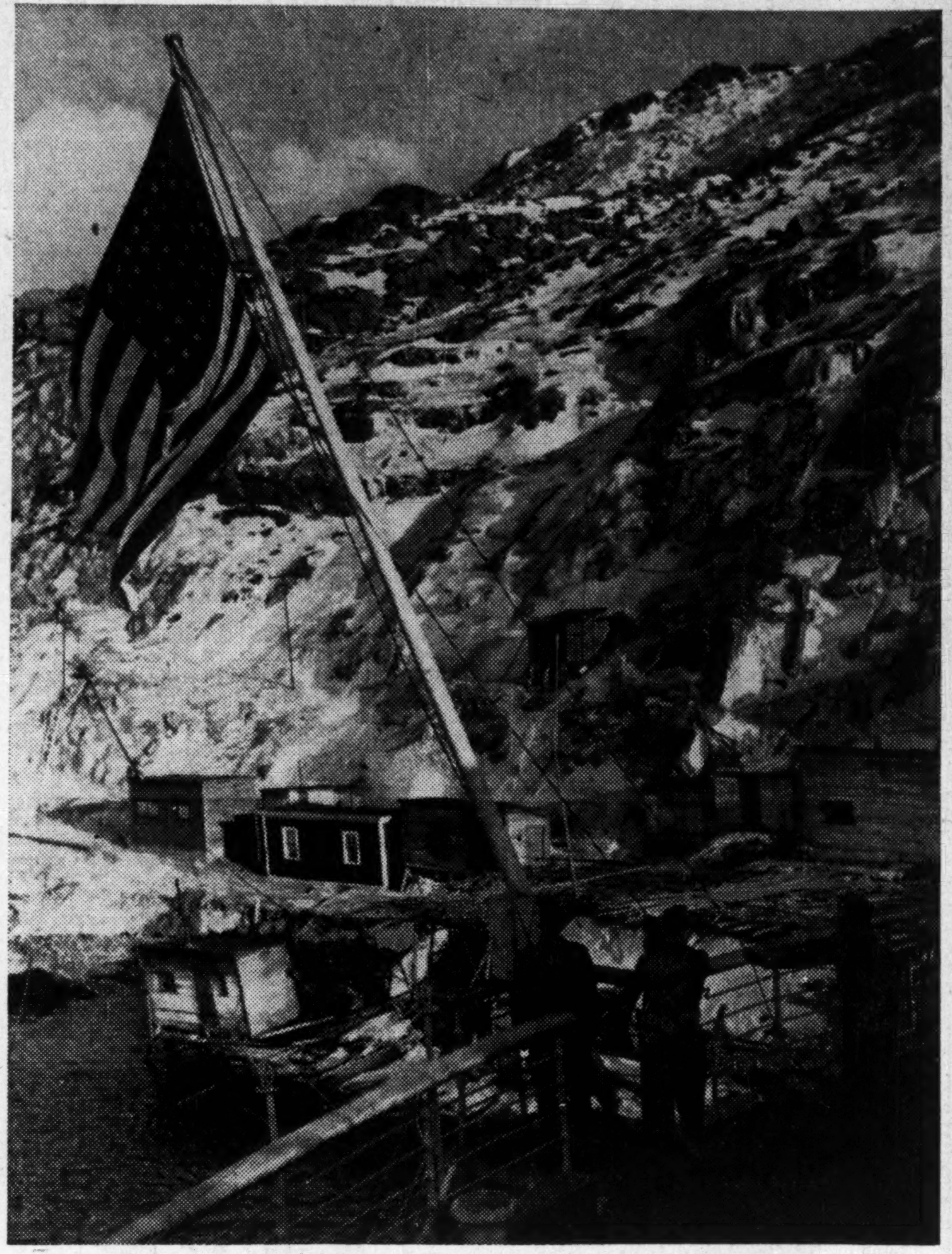
The United States authorities will maintain U.S. post offices at the bases. These offices will permit use of U.S. postage stamps by U.S. civilian and military personnel to U.S. post offices in other leased areas. Newfoundland stamps will be used on mail with any other destination.

The U.S. authorities may use Newfoundland transportation service for mail, but may also use their own conveyances for the purposes.

Newfoundland will not levy any income tax or other similar tax on incomes derived from outside Newfoundland by U.S. nationals serving at the bases. A similar exemption is made on profits of contractors working on the bases. Any income derived from the country will be subject to Newfoundland income tax, however.

U.S. Government motor vehicles will be exempt from Newfoundland registration fees or motor taxation. But private automobiles will be liable to taxes. U.S. public vessels operated by the war and navy departments, coast guard and geodetic survey, will be exempt from pilotage light or harbor dues entering or leaving a leased area.

General tenor of the agreement indicates that working arrangements between Newfoundland and the United States will be revised to what appears required in practise.



Symbolizing the unity of purpose of the English-speaking nations is the Stars and Stripes flying at the stern of the U.S. ship serving as temporary quarters while barracks are being prepared at the U.S. bases. This flag is also indicative of Newfoundland's key strategic position: an island that is being made fortress of the North Atlantic because in its safety lies the safety of North America.

President H. A. Russell Board of Trade Head Discusses Outlook

By H. A. RUSSELL
President, The Newfoundland Board of Trade

In trying to appraise the business outlook for the coming season, especially for the fisheries under present day conditions, one must try to visualize the uncertainties of the position in foreign countries.

Locally the price of dried codfish is improving steadily and in spite of the unusual amount of labor open on the American and Canadian, Army, Navy and Air Bases, it may well turn out that there will be an average catch of codfish; especially as at present prices there is a good return to the fishermen.

Unfortunately the cost of outfitting is up, the most drastic rise being in the price of salt, the freight on which, owing to the shortage of shipping, is now several times that prevailing in peacetime.

Marketing Difficult

The successful marketing of even an average catch may, however, be exceedingly difficult if Germany attempts a drive into Spain and Portugal. The important Italian and Greek markets are now closed, and should the Portuguese market be eliminated there will be a large surplus of fish to be marketed in the West Indies and South America, where competition from Canada is strong, and in all likelihood the result will be a severe decline in prices.

Apart from the uncertainty of the markets remaining open the ever-increasing difficulty of obtaining ocean tonnage may prove a serious handicap both to deliveries and to price. Unfortunately, Newfoundland has no manufacturing plants which can produce goods for war needs and, therefore, her people are almost entirely dependent on normal business to keep the industrial wheels rolling which under present conditions, all countries are finding difficulty in doing.

In the fresh and frozen fish industry there is also much uncertainty. There will be no frozen salmon shipped to England this year owing to the lack of refrigeration space and this is a serious blow to our fishermen.

Expanding and Valuable

Several Newfoundland firms are putting up frozen cod fillets for England on a fairly large scale and so far shipping space has been provided. This industry is expanding and is becoming a valuable one, not only to the fisherman but to laborers, box factory workers and others connected with it. Cod fillets provide an excellent and cheap food and apart from our fine contribution in men for the forces it is about the only "war" industry we have, and in the event of the loss of some of our dried codfish markets this industry will be of considerable help to the country. The demand for fillets in Canada and the United States is also growing, especially as these countries are finding the quality and pack satisfactory.

This spring's sealfishery was a very poor one, the catch of 42,666 seals being the lowest in many years. It is with genuine regret that we see this fishery growing smaller and smaller year by year, especially when its prosecution has played such a prominent part in the lives of the people and in the history of the country.

Cost of Living High

In Newfoundland the cost of living is high and, being an island, dependent on ships for the delivery of her goods, is in danger of having living costs increase faster than in Canada, and in several lines this increased cost is already becoming quite serious. The most of Newfoundland imports are from Canada and the United States.

The advent of the Canadian and American armed forces is bound to have a great effect on our national life both socially and economically, but in the main this should be beneficial and, taking a long view, should not only mean the distribution of large sums of money in the country but open the way for closer trade relations, possibly resulting in increased exports to Canada and the United States.

The initial stages of the building and occupation of the bases will undoubtedly raise many contentious problems but they can, and will be all satisfactorily solved and both Canada and the United States, countries in which the people enjoy a very high standard of living, will, with a growing interest in Newfoundland, be a help to us in raising the standard of living of our own people.

Gave a Great Deal

In the giving of the bases, Newfoundlanders have given a great deal, even to such a friendly nation as the United States, but they have done so cheerfully and with the knowledge that in her hour of need the Mother Country required this of them, the oldest overseas members of the British family of Nations. The welcome that the Newfoundlanders as a people, and as a country, have given to both the Americans and the Canadians, leaves no doubt in my mind as to the feeling of friendship that will prevail.

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NORTH AMERICAN LIFE pays tribute to the members of the Newfoundland Branch Office who played such an important part in the Company's progress last year.

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How Bomber Ferry System Works

Atfero Routine Writes Daily Epic of the Skies

Under a slate-grey Newfoundland sky the motors of a bombing plane are warming up. Only the regular pulsating beat breaks the quiet.

Its camouflaged figure, brightened only by cockades of the R. A. F., is silhouetted against the bleak horizon. A ground crew is busy putting the finishing touches to the plane. Three figures are grouped in the shadow of a wing, talking quietly and intensely.

They climb into the plane. The motors crescendo into a throaty roar and the giant lurches down the field. It pauses for a moment, motors idling, turns into the wind and with a terrific burst of power speeds down the sprawling field. Gradually it lifts and soars into the east, over sleepy Newfoundland fishing villages.

But the villagers have been accustomed to the whirr of propellers in the past few months. In fast increasing numbers these bombers, with the flippant cockades painted on their grim wings and bodies, are roaring over their heads.

It started last year, when bombing planes began to flow from the U. S. aircraft factories to embattled Britain. Every available inch was needed in the cargo boats that steamed from the North American arsenal. Bombing planes are bulky and hard cargo to handle. Fly them across was an easy, swift solution

The British Air Ministry began to make plans for a plane ferry service. Air terminal facilities in Newfoundland, prepared in peacetime for the Imperial Airways and other lines, were right away a great help to the new service. The overvater trip from here was shortest between the two continents.

The ministry rushed along the scheme. It enrolled its pilots, wireless operators, navigators and maintenance crews from every part of the globe — from the United States, the R. A. F., the R. C. A. F., Imperial Airways, Pan-American Airways, China, Australia.

The ferry service was started without fanfare. A cloak of wartime secrecy was thrown around it. How many planes are transported this way, how many men are involved in its operations are not known. For such information would be of inestimable value to the enemy. It is known, however, that Atfero, as the Atlantic ferry service is called, has expanded many times over.

The men assembled for the ferry service are a colorful crew. Some perform their hazardous duties for adventure; some for patriotism; others because it is their duty, and some like the fee they receive for each trip.

Many of the pilots are veteran U. S. airline men with thousands of hours in the air. All varieties of garments are worn on the trip. One pilot from Texas wears high cow boots for good luck, although at times he is nearly a thousand miles from a horse. Others wear layers of sweater, teddy bear suits, or riding breeches, for it is bitterly cold 20,000 ft. above the storm-swept Atlantic.

Many R. A. F. and R. C. A. F. pilots ferry the planes across. And they do it for regular pay, plus flying time allowance. The British airline men receive their regular rate of pay. Only the civilian pilots from non-British countries receive more than ordinary compensation for the risks they take.

The service has become very highly organized, and is now a methodical, daily occurrence. Risks have been reduced until they are hardly more than on a regular airline. Only one major accident has occurred. And that, unfortunately, took the life of Sir Frederick Banting, one of Canada's best known scientists.

There have been some close calls. There was the case of the two R. C. A. F. pilots who set a giant U. S.-built flying boat in an English harbor with its ailerons torn away. They had made the greater part of the crossing without any lateral control.

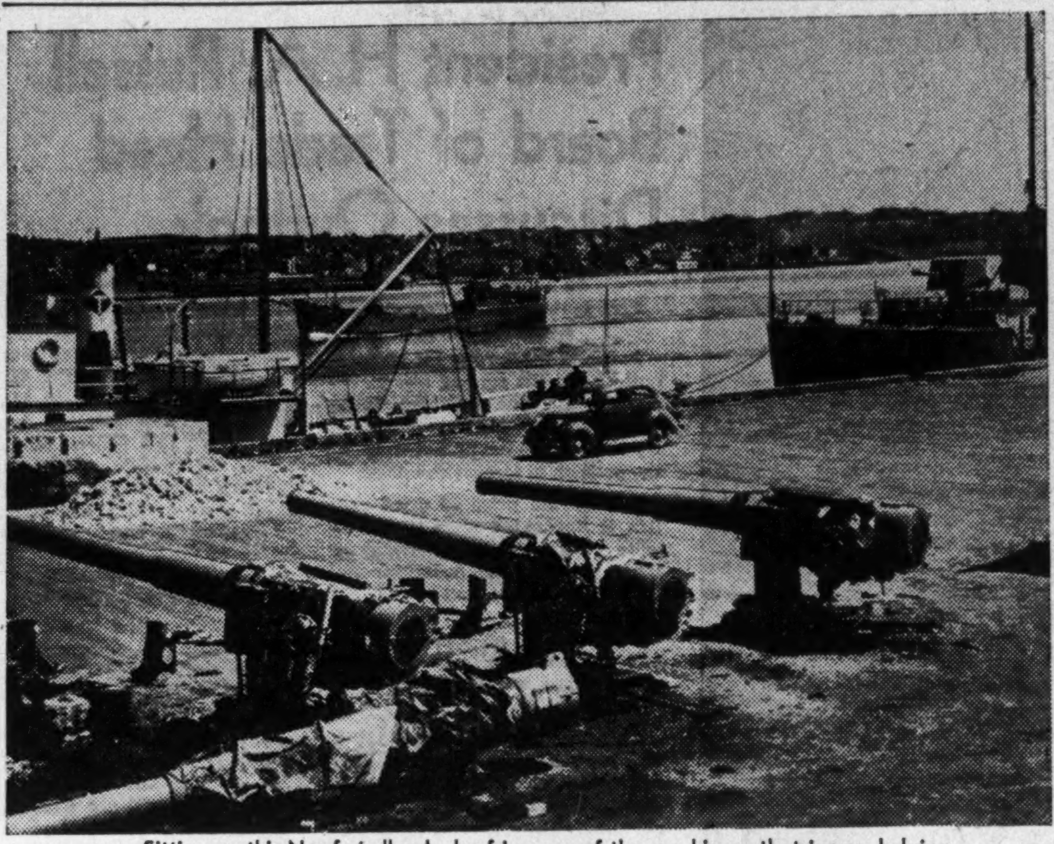
Flying on the automatic pilot they had gone into a spin when not far out from the continent. The plane lost its ailerons in the gyrating descent and the pilot obtained control only a few hundred feet from the water. The rest of the trip was made successfully with the remaining controls.

Most of the flights are uneventful, so far as an Atlantic crossing can be, and not one plane has fallen prey to enemy attack. The pilots fly at high altitudes for safety and speed. Utmost secrecy is maintained of times of departure and different ports of arrival. These factors and the height and speed at which the planes fly makes interception by enemy long range fighters almost impossible. The area Nazi patrols would have to cover is so great that it would be like looking for a needle in a haystack to find a ferry plane. Ferry pilots say least of worries is enemy planes.

In addition to delivering the planes themselves, a small volume of freight needed urgently in Britain is being flown. Passengers are ferried. The flight is made on an average in eight to nine hours. The crossing has been made in seven and a half hours. Crews make at least two crossings a month. A maximum of three is imposed because of the strain on the crews.

The ferry programme is gaining momentum and the greatest part of the huge U. S. production of medium and heavy bombing planes will be transported in this manner. From a small nucleus the ferry organization is growing into a large staff of pilots, wireless operators, navigators, administrative personnel and ground crews.

By this summer a steady flow of planes will be flying along the Atlantic trail blazed by the frail Vimy bomber of Alcock and Brown in 1919.



Sitting on this Newfoundland wharf is some of the machinery that is now helping to make this historic, peaceful island the very spearhead of the North American hemisphere. This widely published photograph shows armament just after being unloaded, waiting installation elsewhere. More, perhaps, than any other community in the western hemisphere, Newfoundland knows that war is just beyond its shores.

Newfoundlanders In All Forces

Newfoundlanders serving in the fighting forces of the Empire at the last official count were:

Royal Navy	2,613
Royal Artillery	1,461
R. A. F.	60
Merchant navy	625
Transferred from logging units	320
	5,079

There were also 2,000 loggers in Britain, releasing British man power for other tasks.

The size of Newfoundland's contribution to the armed forces might best be gauged by the size of its total manpower, which, in the age brackets between 20 and 40, does not exceed 44,000.

Industrial Payrolls Increase in 1940

Manufacturing industry in Newfoundland showed marked increase in activity during 1940. Total payrolls of 75 manufacturing companies on the Island amounted to $1.4 million, compared with $1.2 million in 1939, an increase of 21%. Number employed by these concerns rose from 14,530 to 16,831

Armed forces of three nations are on the job in Newfoundland. Here is a Canadian soldier and a Canadian-built army vehicle. There are also U.S. troops and British troops to which forces Newfoundland enlistees are normally attached. Doing vital war work but not in the armed forces are Newfoundland loggers and expert woodsmen who are helping provide much needed lumber for the United Kingdom in the forests of Scotland.

Andrew G. Carnell Mayor of St. John's Gives His Message

By ANDREW G. CARNELL
Mayor, St. John's

This is a time of great anxiety and stress for all countries throughout the British Commonwealth. We shall share in it. In every field of patriotic endeavor the people of Newfoundland, and of its Capital City, St. John's, are playing their part with a will. We are confident of the issue, and that the Empire, to which we are proud to belong, will emerge from these days of tribulation stronger and more glorious than ever.

ANDREW G. CARNELL

The population of this country is small, but already our young men have come forward in their thousands and volunteered for service in every branch; Royal Navy, Artillery, Air Force, Mercantile Marine and Forestry.

Newfoundland is well represented in the Empire's war effort. In the Royal Navy particularly our Newfoundland boys are giving a splendid account of themselves, winning high praise for their outstanding ability and courage. We are proud of them here at home, and realize that these lads are helping in the most important phase of this struggle, helping to maintain Great Britain's control of the seas and to keep the lanes open for the flow of vital war supplies to the front line of battle.

In St. John's, 1941 will be a busy year in every sense of the word. Our biennial appraisement of the city's property is now in progress and in September a court of revision will be held to allow property owners a chance of protesting if they consider the valuation of their property inequitable. In December a municipal election will be held, and the taxpayers given a chance to select the mayor and council who will conduct the business of their city for the next four years. All this entails a great deal of work at the City Hall.

We look forward to a healthy programme of activity in the streets, waterworks and sewer departments as well. Our plans embrace the continuation of concrete curb and gutter, construction of concrete sidewalks, surfacing and maintenance of roads. We shall also continue our efforts to beautify and enhance the appearance of our city through the department of parks and open spaces. We are making a special appeal to our citizens to take an even greater interest in their city by improving the appearance of their individual properties and the planting of trees and shrubs wherever possible.

Spring comes late to us here in St. John's, and it is only within the past few days we have been able to begin some of our construction work. We are faced with a big problem in the necessity for patching and resurfacing roads which have been badly damaged during the past winter, by the influx of so many heavy motor vehicles, mainly trucks, tractors and other machinery used by the Canadian and U. S. defense forces. This additional wear and tear on our streets, which were built not to carry such heavy loads, is causing us considerable anxiety, but I am sure it will be met successfully by co-operation between the city council and the authorities concerned.

Job at Home Too

In this critical period of history through which we are passing our first thoughts are for the Empire and the great cause to which we are all committed; but we do not forget that we are serving the Empire as well by doing our bit here at home and to make and keep St. John's a city worthy of its name and place as the capital of Great Britain's oldest colony, and the grand traditions with which it is associated.

We in St. John's have extended a hearty welcome to our Canadian and American friends, and we hope that during their stay they will enjoy the true hospitality and kindness for which Newfoundland and its people are justly famed. When they return to their homes I feel that each and every one of the men now stationed here will become an ambassador of goodwill, and help cement the ties which bind us to our good neighbors, Canada and the United States.

Salt Cod Exports Gain in 10 Months

Exports of salt codfish in April totalled 32,028 quintals, compared with 29,049 qtls. in the same month last year, while salt bulk shipments amounted to 1,298 cwt. against 280 cwt.

Exports were comprised of 30,559 qtls. bank and shore fish, and 1,469 qtls. of Labrador. In April, 1940, there were 22,923 qtls. of shore fish shipped, and 6,126 qtls. of Labrador.

In 10 months of the current fiscal year exports of salt codfish rose to 907,650 qtls. of shore and Labrador codfish, compared with 792,962 qtls. in the corresponding period the previous year.

Bowater's Newfoundland New Mill Operating

Bowater's Newfoundland Pulp & Paper Mills Ltd. operated at capacity levels in 1940 and has continued extremely active in the current year.

Prospects for the current year are not entirely clear, but it is expected that the mills should operate at not less than 75% of capacity.

Newsprint production reached record proportions in 1940 totalling approximately 198,000 tons, compared with a previous peak of 181,931 tons in 1937 and 161,724 tons in 1939.

The company's new sulphite mill came into production in March this year despite delay because of war conditions in obtaining deliveries of plant and equipment.

The plant was to have been ready originally at the end of 1941, but it was decided at the outbreak of war to proceed with construction of the new mill as quickly as possible.

The Corner Brook plant exports paper to practically all the British Dominions and many parts of the Empire, as well as North, Central and South America.

In the second half of 1940 the company shipped 55,000 tons to the United Kingdom.

Considerable capital outlay has been made to improve existing equipment and maintain quality of production. Agreement with the Government calls for increasing production to 204,000 tons annually, but present production is exceeding this rate. Additional newsprint output has necessitated increasing groundwood pulp capacity by widening existing grinders. Many changes and new equipment have been made on the paper machines. Extensions to the finishing room for handling increased rolls have been made. Improvements have been made to the wharf and shipping facilities.

The company has lost the S. S. Humber Arm, which has increased shipping difficulties. A chartered vessel has been obtained to replace the lost ship.

The company reported net revenue of $3 millions in 1940, compared with $2.2 millions in the preceding year. Net profit was more than $1 million, compared with $341,696 in 1939. Working capital rose from $5.4 millions to $8 millions, while surplus was shown in the balance sheet at the end of 1940 at $3.5 millions, against $2.3 millions.

Cod-liver Oil Industry Dominant World Factor

Since the outbreak of war, demand for Newfoundland cod liver oil has been greater than the industry can supply. Unprecedented demand has been created for the product by the elimination of Norway and England as producers.

The oil is used for many purposes, including medicinal and livestock uses. For the past 100 years, Newfoundland has been an important source of supply and its production ranks with the best in the world.

The 1940 season was satisfactory for the cod liver industry. Prices were high and more factories were brought into production. Smaller fish catches, however, due to shortage of manpower in the fisheries, depleted oil stocks.

The 1941 winter fishery commenced in October and with the greater demand for filleted codfish, oil production was greater than for many years. These stocks are being taken up rapidly and there is currently very little oil carried over.

The summer fishery starts in the current month and preparations have been made by the Newfoundland cod oil industry to increase production to keep pace with world demand. Present indications are for advancing prices of the oil.

Newfoundland plants are among the most modern in the world. In 1903 the modern method of refining by the direct action of steam and cod liver was installed. There are approximately 150 steam refining plants around the coast of the island.

W. A. Munn & Co., St. John's, is one of the largest exporters of cod liver oil in the world. The company's refining plant at Harbour Grace is considered one of the most modern in the industry.

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New Industries Group Lays Down Plan

Special Survey Urges Rounding Out Industrial Structure

Development of a well-rounded industrial structure is widely regarded as the key to rehabilitation of Newfoundland.

Aggressive and scientific exploitation of its resources would raise the country's income and relieve unemployment conditions in the peacetime world. Enterprise and capital would open a new era for the Island, it is contended by competent observers.

Toward this objective the Government-sponsored New Industries Committee is laying down a programme for industrial development and establishment of an industrial council, composed of industrial, government and labor representatives.

The New Industries Committee, through C. C. Pratt, St. John's businessman, made a survey of similar organizations operating in Canada and the United States. As a result of this survey Mr. Pratt recommended establishment of a permanent body for promoting industrial expansion, financed by business and government.

A New York firm of consulting and research engineers. Dorr Co., was appointed to investigate the possibilities of industrial and development and the best methods of approach.

The report upheld the soundness of New Industries Committee. It could be of value to Newfoundland if the objectives of the organization could be translated into action. Fuller utilization of resources was regarded as a sound approach to rehabilitation.

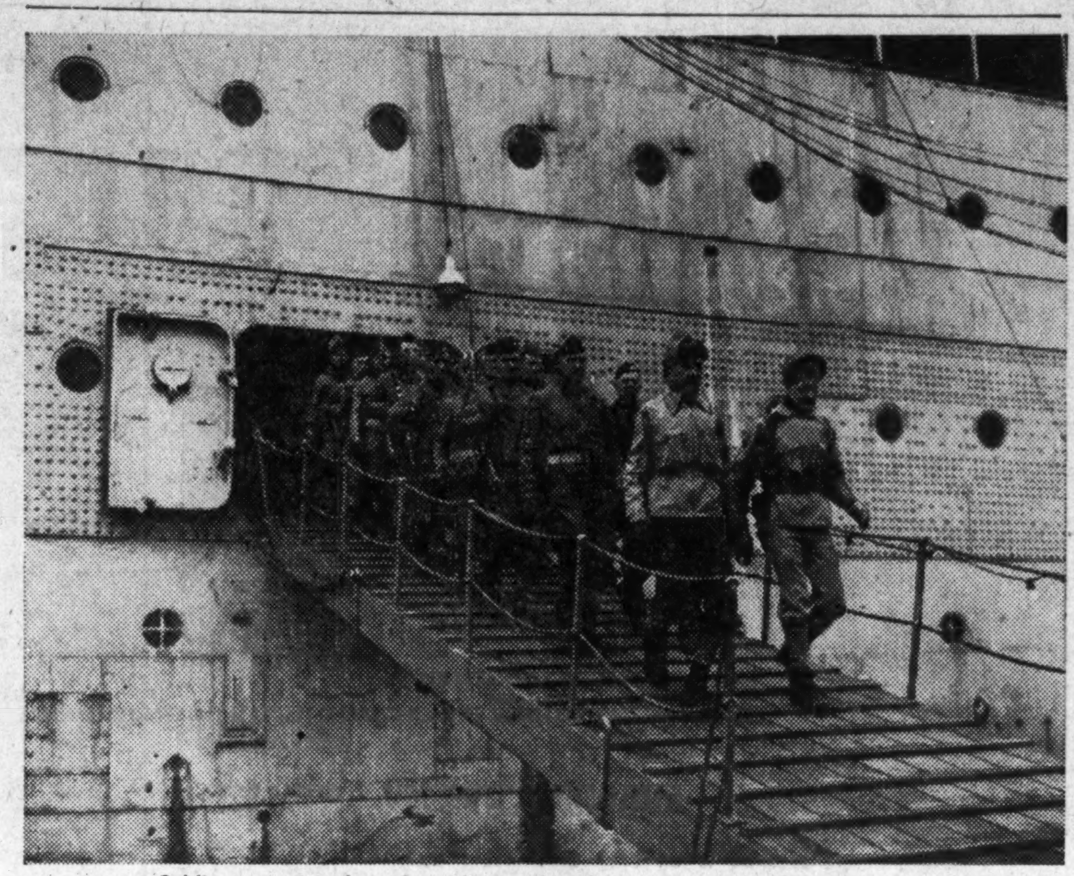
Says Co-operation Vital

The report pointed out, however, that co-operation of business and government should be closer before constructive economic steps could be taken.

It added:

"The recognition of the importance of the full use of this asset (Government-business co-operation) by government and industry alike, the getting away from distrust would, we believe, release a dynamic economic force from a certain paralysis that will constitute a prime factor in the improvement of your economic condition. It seems to us rather a necessary condition to that improvement.

"If this committee is able to establish a spirit of confidence which will enable the existing mechanisms of your industrial organization to be used to the full in your economic development it will more than justify its existence."



Soldiers swinging down from ship to shore is now a commonplace in Newfoundland. The historic, peaceful island finds war beating like waves on its very shores. Troops have two jobs there. First is providing certain defense against a sudden thrust by Hitler which, if successful, would bring all the main industrial centres of North American into immediate and extreme peril. Second is building up the island defenses, and developing the U.S. bases.

Would Broaden Committee

The investigators recommended personnel of the committee be broadened to include additional membership from industrial and banking organizations, as well as trade and labor.

The name of the organization should be changed from New Industries Committee to Industries Committee. The function of the organization is not so much one of expanding and improving existing industries but creation of new ones.

A full time director with an assistant and secretarial assistance was suggested.

The Dorr report set forth functions of the proposed organization as:

(1) A clearing house for information needed for improvement of existing industries or development of new ones.

(2) To work with existing businesses in improving and expanding.

(3) Assist in finding new techniques; organizing new enterprises and finding new markets.

(4) Work for establishment of sound relations and confidence between business and government.

Long Term Effort

The Dorr probe warned against expecting speedy results from such an organization:

"We see nothing here, from our survey of the country and available information as to its resources, to warrant any expectation of a speedy or revolutionary industrial development. There appear to be some possibilities on the Island of individual enterprises of substantial size, and in the very long run that would seem to be true of Labrador. But in the main, the course of industrial improvement, it would seem, must be that of many and diverse efforts on a scale, relatively small as compared with the present paper and mining operations, persisted in over a considerable period."

This limitation is not regarded as a drawback for a sound and healthy economic life. Small industrial operations can give scope to initiative and enterprise.

War is complicating the task of rehabilitation in addition to the many inherent difficulties, such as the seasonal nature of Newfoundland occupations.

The large reliance of Newfoundland life upon the fisheries and the difficulties of extracting a living from the soil is seen as necessitating industrial expansion to increase productive effort. A better return on exports is also necessary to raise the standard of living.

Modernize Fisheries

The first step in the Dorr scheme would be to convert the fisheries from a primarily salt fish industry into one processing its products by freezing, canning or other methods and making a fuller use of byproducts and waste. Hiring of experts on the subject is recommended to modernize production and marketing methods,

Development of a herring meal and oil processing industry offers promise, according to the report. Successful operation of this phase of the fisheries would stimulate exploitation of other branches of the fisheries along modern lines.

Attractive packaging of fish and advertising is cited as a valuable factor in broadening markets for fish products.

American tariffs present barriers to that large neighboring market, but with increasing closeness of international relations a possible letting down of tariffs is regarded as possible.

Mining operations at Bell Island and Buchans are judged efficient. These two enterprises have given steady employment at relatively high wages to a large number of the population.

Newfoundland has a record of substantial base metal production and with advances in technical skill possibilities for resumption of operations now exist.

Reduction Plant

Extension of the Government's programme of mineral prospecting and development is suggested.

War effect on the marketing of non-ferrous metals suggests exploration of the possibility for opening a local reduction plant, which would provide facilities for handling the output of a number of small properties now shut down, as well as existing production. Once established the plant might be able to continue after war.

With its limited budget the geological survey is efficiently surveying the most promising mineralized areas. But there is a gap between this work and actual development and operations. The committee could close this by bringing together owners, government and capital.

The Island's forest resources, while extensive, do not appear to be of exceptional character compared with competing areas. Large scale development has already taken place of Newfoundland woods. This necessitates greater utilization of timber and the byproducts of paper manufacture.

Research along these lines is being carried out by the large companies but should be encouraged by government and industry. It should open possibilities for smaller operations and utilization of byproducts which do not fit in with the large paper companies' plans. Co-operation between the small and large companies might be effected for use of timber which the large companies cannot profitably use.

Chemical Industry?

Available sources of readily developed water power suggested to Dorr engineers the possibility of bringing chemical industries to the Island. Such commodities as aluminum, magnesium and calcium chloride could be manufactured. The close proximity of power resources would give Newfoundland an advantage in producing these materials. The Island is also nearer the source of raw materials than many other producing areas of the continent.

It is recommended that a survey be made of potential power resources.

Ultimately the power sites in Labrador will be developed, but this is a long-range prospect.

In regard to small industries operating on the Island, the Dorr report states:

"Under present conditions they (small industries) appear to be generally dependent on tariffs, and to that extent they may be regarded as the recipients of Government aid in as real a sense as if the tariff were repealed and a bounty paid. From the economic standpoint they thus represent to some degree a part of the expenditure by the public through the agency of the Government.

"On the other hand the diversification of employment and the markets which they create for certain types of products which otherwise would be produced outside the country, e.g., packing, are definite elements of value in the economic balance sheet. Further, it may be that if there were no local competition the prices of the imported article might not be much more favorable. In fact, we know one instance in which they were previously less favorable. How far such industries can usefully be further developed, which would use locally produced or imported raw material, is again a matter of exploration for the suggested organization."

Tourist Business

The tourist business of Newfoundland may one day be of importance to the country, the report states. Especially with the development of air traffic between the United States and Newfoundland will this become a valuable asset.

Because of war and the uncertainty of post-war development, the Dorr report advises that no new survey of the resources and industrial potentialities of the Island be made, but that the New Industries Committee assemble and add its own experience to the material already on hand.

Island Retains Old-World Air

Historic Sights Abound on Ancient Colony

Dr. Stanley Truman Brooks, curator of recent invertebrates at Carnegie Museum, Pittsburgh, has travelled extensively in Newfoundland. He was one of the U. S. experts who selected sights for air and naval bases on the Island.

STANLEY TRUMAN BROOKS, Ph.D.

From the tourists' standpoint Newfoundland has retained much of the quaintness of its early Devonshire and Irish settlers. The people are an ever interesting subject. The speech varies from Oxford English to the Cockney accent of the northern shores and the Irish-Devon brogue of the southern parts. On the west coast the speech is more nearly that of Canada, but as one progresses to the east it becomes flavored with the accent of Europe.

N. American History Birthplace

North American history had its babyhood if not its birth in Newfoundland. Cabot, who discovered this island was the first to see the mainland of America. Most of the great explorers and pirates of the past made Newfoundland a stopping place.

George Calvert, who was later Lord Baltimore, obtained his first grant on the New Found Land and built his home at Ferryland along the Southern Shore. The American Indian Squantum was a dweller for a time at Cupids, Conception Bay, before he returned to Massachusetts and there greeted the Pilgrims. A continuous procession of the great and near-great of France and England parade through the history of the Great Island.

Ancient forts, guns and grass-grown, fallen embankments tell of the period when Newfoundland was the Gibraltar and the crossroads of the northern Atlantic.

To the fisherman and sportsman Newfoundland is a never-ending dream. Every stream that enters the ocean which is large enough harbors salmon. In the larger rivers of the west coast salmon grow to the enormous weight of 50 pounds. Moose and caribou roam the interior of the Island and during the early fall months the fisherman can combine the sport of big game with that of big salmon and trout.

To those interested in the progress of man there are interesting sights.

Transatlantic Cables

Several transatlantic cables enter by way of Newfoundland. In the early days of communication the Island was the outpost of news. Ships sailing from America stopped along the shores of the Island to receive the last word from home.

Marconi erected his station amid the tumbled stones of ancient forts. He first heard a wireless message from across the Atlantic. His first aerial was held aloft by kites but the poles of his later experimental installations are still lying on this historic Signal Hill in St. John's.

Ships are an interesting subject to many. In the long narrow harbor of St. John's the visitor can see ships of many kinds from every ocean. The old sealing steamers that go to the ice each spring for seals and fleets of fishing vessels line the merchants' wharfs. Naval vessels call on their voyages of training, from patrolling the fishing grounds, and from the ice patrol that makes the sea safe from disaster. Rusty tramps bring salt from Portugal and Spain. Others carry fish, berries and other Newfoundland products to various parts of the Empire and America.

Old World Town

St. John's is one of the most ancient of the many ports and is the largest city, with 40,000 inhabitants. This capital city is a modern city but it has the air of an Old World town. The homes along the steep streets and along the shady roads above the city have that severe appearance we associate with things British. The heavy iron gates give an air of solidity and then one realizes that the beginning of St. John's is lost in the haze of history. The name dates from the time of Cabot and in the earliest records of exploration extant there is mention of the harbor of St. John's. Shades of many generations of soldier and seafarer surround the traveler.

U. S. Seen Giving Canada Run for Island Trade

Since the trade treaty with the United States, goods from the republic have been going into Newfoundland in increasing quantities. U. S. imports into the Island have shown a greater numerical and proportionate increase than the imports of any other country.

This has serious implications for Canada. For Newfoundland is one of the Dominion's best customers. It is fifth highest among Canadian overseas markets, surpassed only by Great Britain, South Africa, Australia and United States.

Balance of trade with Newfoundland is in Canada's favor in the ratio of 11 to 3, and without United States competition would improve.

Since 1938 Newfoundland has climbed from 11th position among Canada's customers to the present fifth position.

But United States present a serious threat to Canadian trade in Newfoundland. U. S. goods have established themselves in public favor and will probably show further gains in the future. Were some economic concession to be granted U. S. by Newfoundland in return for a compensating lowering of tariffs by the U. S., Canadian exports to the Newfoundland market would be placed in an unfavorable competitive position.

Since the outbreak of war Canada has taken over to a large extent the Newfoundland market served by Great Britain. War disruption of transportation has resulted in a relatively large decrease in imports from the U. K. with an increase in Canadian and U. S. imports.

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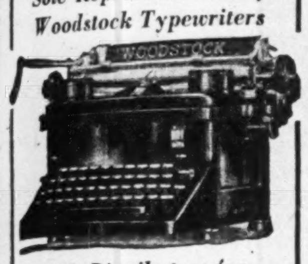

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Newfoundland Has Key Role in Aviation

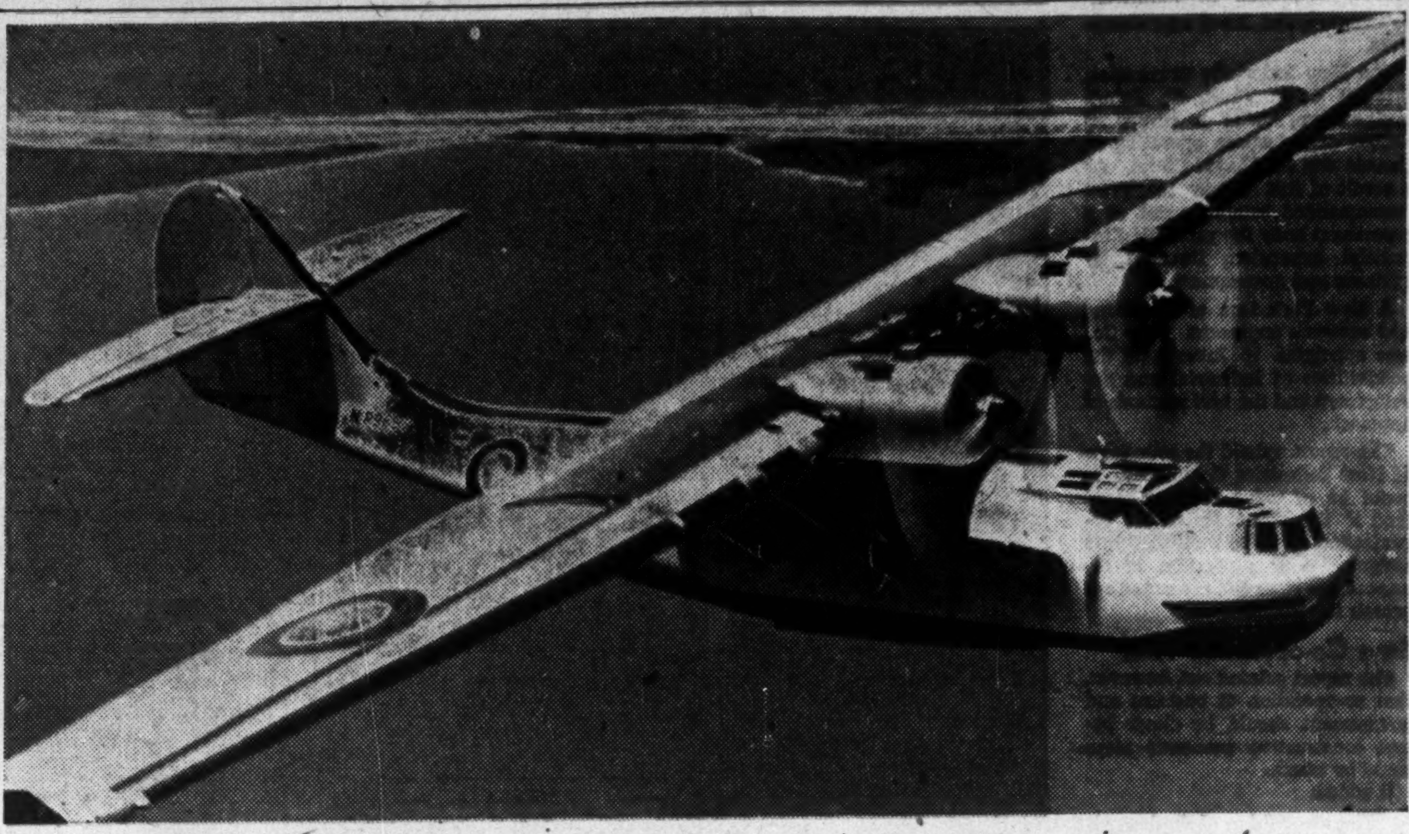
Will Continue to be Main Depot on Transatlantic Air Lanes

By STANLEY TRUMAN BROOKS, Ph.D.

Hardly a year has passed in the last two decades without Newfoundland breaking into the aeronautical news of America. Its aeronautical and defense importance to Canada and the United States lies in the fact that it is nearer to Europe than any point on the North American continent. This feature brought it early to the attention of the first aviators who attempted flight across the Atlantic.

The U. S. Navy was one of the first to realize the importance of long distance flying. On May 8, 1919, three frail planes left Long Island Sound for Halifax. Two more days of flight brought them to Trepassey Harbour in southern Newfoundland and after days of preparation and waiting for favorable weather they set out for the Azores. All the way across the Navy had posted ships to pass on weather information and to watch for the birdmen. Two of the planes made forced landings at sea. One completed the trip to Plymouth, England, and the U. S. Navy became the first to span the Atlantic.

At the same time the planes were waiting in Trepassey, the Navy Blimp C-5 flew from Cape May, New Jersey, to St. John's, Newfoundland. From here it was to attempt a passage of the Atlantic. But in a sudden squall it disappeared into the east and was never heard of again.



The Atlantic crossing is an easy breakfast-to-tea flight today, but that is comparatively new. For two decades Newfoundland knew men who were losing their lives dreaming this commonplace of today.

Motor Put Them Down

Hawker and Grieve, two English aviators, aspired to be first to cross the Atlantic non-stop. However, lacking the full data on the weather, they were detained in Newfoundland until after the American Navy ships had flown. Eventually they took off. Circling the city of St. John's they dropped the undercarriage to lighten the ship and headed east. Near the Hebrides their motor started to overheat and they landed in the water near a small Norwegian steamer. Although they had landed in the sea they were feted as the first to fly non-stop across the Atlantic.

Raynham and Morgan attempted to follow Hawker and Grieve, but their heavily loaded plane crashed on the take-off. It was dismantled and sent back to England.

Only about a month later, on June 14, 1919, Alcock and Brown took off from St. John's in their Vickers Vimy bomber and next morning landed nose down in an Irish swamp.

Admiral Mark Kerr, with two assistants, came to Newfoundland and was the first to use the headlands of Harbour Grace, which later became famous. After many attempts and long periods of waiting, the Admiral gave up the hop and headed his plane for New York instead of England, and crashed in Nova Scotia.

The de Pinedo Case

From 1919 to 1927 there is a comparative blank in the aviation history of the Island. It was, however, during this period that Colonel de Pinedo landed his hydroplane in Trepassey Harbour after his flight over four continents. Flying the "Santa Maria" he took off for Horta, the Azores, en route to Portugal, but was forced down miles from his goal. Later he retraced his flight and closed the gap, covering Europe, Africa, South America, and North America, with two flights across the Atlantic. He was later killed in an accident in the United States.

Brock and Schlee lifted their plane from the airport in Detroit in their round-the-world attempt. They refueled at Harbour Grace, but a defective engine ended their flight at Tokio, Japan.

In the meantime two planes had disappeared into the Atlantic. For this reason, Schiller and Wood, poised to fly from Harbour Grace, were recalled.

Amelia Earhart made her first appearance in Newfoundland, landing her tri-motor Fokker at Trepassey. She and her crew flew to Wales.

Two flyers started from Newfoundland across the Atlantic in small "moth" type planes and were never heard from again. Boyd and Conner in the "Columbia" next set their ship down at Harbour Grace. This was the plane in which Chamberlain and Levine had made their non-stop flight three years before in competition with Lindbergh. Boyd and Conner ran out of gasoline near Land's End, but completed their flight next day.

The Winnie Mae Hop

"The Winnie Mae" with Post and Gatty took off from New York and landed at Harbour Grace for refueling. Taking off immediately, they landed in England and winged their way around the world in eight days.

Hoiriis and Hillig came next, landing their plane in Germany and finally at their goal, Copenhagen.

Two Polish fliers, the Adamowitz brothers, cracked up their plane in their first attempt to fly from America to Poland. The next year they returned, and taking off from Harbour Grace landed in Paris the following day. During this flight they were accompanied by Hoiriis, who made the flight the year before. Two Hungarian officers made the flight from Newfoundland to Hungary.

Lou Reichers came to Harbour Grace with his plane "Liberty" and was later picked up near Fastnet Light, Ireland, by the S.S. "President Roosevelt."

In 1932 the great German monoplane DO-X that had flown across the southern Atlantic arrived in Conception Bay, Newfoundland, and from its berth at Holyrood made the flight to the Azores in 14 hours.

During this same year Amelia Earhart returned in her Lockheed-Vega monoplane. Flying from the famous headlands of Harbour Grace she landed in Londonderry, breaking all records between Newfoundland and Ireland to that date.

Broke Records

Two months after Miss Earhart's successful flight, Mattern and Griffen broke existing records for the flight between Newfoundland and Ireland.

The "Green Mountain Boy," flown by Lee and Brocton, after being lost, finally made its way to Harbour Grace and thence to Norway.

Two crashes followed, with Mattern being lost at sea, and Solberg and Peterson nearly drowning in the "Enna Jettie" in Placentia Bay.

Lindbergh, Chamberlain and Levine, Byrd, Acosta, Noville and Balchan; Jimmy Mollison and his wife; the Graf Zeppelin and the Hindenberg have all flown over Newfoundland. The German ship "Bremen," flying east to west, was forced down on Greenley Island, Labrador. The late Marshal Balbo landed his armada at Cartwright, Labrador, on his flight to Chicago, and later used the deep Bay of Trinity at Shoal Harbour on his homeward flight. Kingsford-Smith landed at Harbour Grace from Ireland on his round-the-world flight that ended in California.

Now Newfoundland's strategic position has made it the connecting link between the arsenals of democracy and the front line of the world battle. From here giant U. S.-made bombers wing their way to Britain.

In the postwar world it will resume its peacetime character and the tremendous stimulus that transatlantic flight is being given by war assures Newfoundland of a place of importance on the airlines of the world.

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The Chafe Sealing Report Shows 42,666 Taken

By LEVI G. CHAFE

The sealing steamers sailed March 5 and practically no ice was encountered up to the 13th, the day set for killing of seals. In fact the steamers were in clear water from St. John's to about 30 miles south-east of Belle Isle. They went as far north as Gross Water Bay and up to the 19th of March only a few Whitecoats had been seen and scattered families of Hoods.

In company with our fleet of four steamers were two Norwegian sealers, the Polaris and Polarbjorn, which sailed from a Canadian port.

On March 24, Griquet reported—Seals in narrow strips and scattered, passing south, steamers in the vicinity. Steamers then came south in the mouth of the Straits where most of the seals taken were secured. Seals estimated taken by landsmen would be about 10,000.

A law was brought in force by the Commission of Government granting seals to be taken on Sundays. Two men died on board S.S. Terra Nova—Jesse Bishop of St. John's and William Fleet of Trinity.

Aux. schooner "Whitecoat," Captain Isaac Young, of Twillingate, secured 490 seals—mostly young.

Mr. Chafe, compiler of Chafe's Sealing Report Book, the island's statistical authority on this industry, was for many years a member of the Customs Service.

Report of the Newfoundland Sealing Fleet Sailed Mar. 5, 1941

Arrived	Steamers	Captains	Steamers Tonnage	Men	Young Harps	Old Harps	Bedlamers	Young Hoods	Old Hoods	Total of Seals	Gross Weight t.	c.	q.	l.	Net Weight t.	c.	q.	l.	Net Value	Men's Share $	Suppliers	Sailed From
Mar. 13	Neptune	Wm. C. Winsor	465	156	3,306	1,839	7,346	58	32	12,581	391	11	0	6	359	9	0	22	20,060.63	42.59	Ungava S.S. Co.	St. John's
Mar. 17	Terra Nova	Stan. Barbour	400	154	4,523	1,273	3,467	114	44	9,421	259	19	2	4	240	6	1	20	16,297.50	35.04	Bowring Bros.	St. John's
Mar. 20	Eagle	Sidney Hill	458	156	5,432	1,314	5,101	62	13	11,922	303	18	3	5	279	8	1	4	18,289.64	38.83	Bowring Bros.	St. John's
Mar. 24	Ranger	Lt. Kean	354	140	3,375	1,128	4,186	38	15	8,742	224	10	2	4	204	16	2	22	12,530.86	29.62	Bowring Bros.	St. John's
			...	606	16,636	5,554	20,100	272	104	42,666	1,179	19	3	19	1,084	0	2	12	67,178.63			

Price of seals per cwt. Young Hoods $6; Young Harps $4.75; Bedlamers $3; Old Harps and Hoods $2.25.

Seals Manufactured by—		Gross Weight Tons	Cwt.	Qrs.	Lbs.	Net Weight Tons	Cwt.	Qrs.	Lbs.	Net Value
Bowring Bros., Limited	30,085	788	8	3	13	724	11	1	18	$ 47,118.00
Job Bros. & Co., Ltd.	12,581	391	11	0	6	359	9	0	22	220,060.63
Total catch, 1941	42,666	1,179	19	3	19	1,084	0	2	12	67,178.63
Total catch, 1940	159,687	2,795	13	1	5	2,610	9	1	4	205,030.29
Decrease 1941	117,021	1,615	13	1	14	1,526	8	2	20	137,851.66

Canned Blueberries Shipped to U. S.

The canning of blueberries, in which the island abounds, brought about $400,000 last year to Newfoundland. The industry is relatively new but is beginning to show signs of expanding into a good source of income. The entire Newfoundland output is sold to the United States, its largest customer being the American pie bakers.

The larger portion of the blueberry pick comes from Trinity and Conception Bays.

Newfoundland's Key Officials

The following revised list of Newfoundland Commissioners and leading Government officials will acquaint readers of The Financial Post with those occupying key positions in the country's administrative organization:

HIS EXCELLENCY VICE-ADMIRAL SIR HUMPHREY WALWYN, K.C.S.I., K.C.M.G., C.B., D.S.O., Commander-in-Chief and Chairman of the Commission Government.

HON. SIR JOHN C. PUDDESTER, Kt., Commissioner for Public Health and Welfare, and Vice-Chairman of the Commission.

HON. J. A. WINTER, K.C., Commissioner for Home Affairs and Education.

HON. SIR WILFRID WOODS, K.C.M.G., Commissioner for Public Utilities.

HON. J. H. PENSON, M.C., Commissioner for Finance.

HON. L. E. EMERSON, K.C., Commissioner for Justice and Defense and His Majesty's Attorney General.

HON. J. H. GORVIN, C.B.E., Commissioner for Natural Resources.

W. J. CAREW, C.B.E., Secretary to the Commission and Secretary for Home Affairs.

G. B. SUMMERS, K.C., Secretary for Justice.

CLAUDE FRASER, Secretary for Natural Resources.

J. G. HOWELL, Secretary (Acting) for Rural Reconstruction.

RAYMOND MANNING, Secretary for Public Works.

H. M. MOSDELL, M.D., Secretary for Public Health and Welfare.

WALTER M. MARSHALL, Secretary for Finance.

H. V. HUTCHINGS, M.B.E., Secretary for Customs and Chief Immigration Officer.

E. C. PRICE, Chairman of the Boards of Customs and Liquor Control.

L. W. SHAW, B.A., Secretary for Education.

MAJOR J. HAIG-SMITH, O.B.E., Secretary for Posts and Telegraphs.

H. J. RUSSELL, C.B.E., General Manager of the Newfoundland Railway.

DR. A. K. SNELGROVE, Geologist.

CLAUDE HOWSE, B.A., Associate Geologist.

J. E. TABOR, Director of Agriculture.

D. W. GRAY, Forestry Officer (Acting).

HON. SIR WILLIAM HORWOOD, Kt., Chief Justice, Supreme Court.

HON. W. J. HIGGINS, Judge, Supreme Court.

HON. BRIAN E. S. DUNFIELD, K.C., B.A., Judge, Supreme Court.

W. R. HOWLEY, C.M.G., K.C., Chief Clerk and Registrar, Supreme Court.

G. P. BRADNEY, C.B.E., Comptroller and Auditor General.

JOHN CAHILL, Sheriff.

D. JAMES DAVIES, C.B.E., Trade Commissioner for Newfoundland in the United Kingdom.

Tinned Whale Meat Produced in Nfld.

The canning of whale meat promises to become a Newfoundland industry. The meat is said to be tender and tasty and is considered a delicacy. It has long been recognized as a food, but not accepted as an article for general consumption on the North American continent.

The canning of seal is also one activity that is increasing. The market for this is limited, but it is developing slowly.

Bank Clearings Rise Sharply

Bank clearings in St. John's for the year ended Nov. 30 indicate marked increase in commercial activity in the past year. For 1940 the figure amounted to $66.4 millions, compared with $58 millions in the previous year.

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War Moves Hint Trade Changes

Tariff Agreement With U. S. Regarded Probable

Newfoundland's position in the North American defense scheme portends wide changes in its trade position. Drawn closer to Canada and the United States by the defense pact, readjustment of its trade relations is regarded as inevitable.

Nothing in the text of the bases agreement with the U.S. suggests economic changes, but it has been officially hinted that Newfoundland and the United States might come closer together in trade matters in the not distant future. Newfoundlanders openly suggest some economic consideration should have been forthcoming from the United States following the bases deal.

Such a move would have wide repercussions on the island's trade. The United States offers an almost unlimited market for Newfoundland exports, particularly fish and its products.

U. S. markets have largely been denied Newfoundland exporters by a prohibitive tariff wall. Newfoundland in turn places a crimp in imports into that country by the same means. Were these to be removed or reduced it would affect considerably the distribution of imports and exports.

Newfoundland officials have talked to Washington on the matter and U.S. authorities are said to be sympathetic to broadening trade with the Island.

Would Open U. S. Marts

Lowering of U.S. tariffs would mean opening a large and profitable market for fish, which now finds its way to more distant countries in the form of salt cod. This would be shipped to the United States in an unsalted form giving wider profits to the fishing industry. Transportation would not eat into earnings to the same extent as exports to Portugal or Porto Rico, for example.

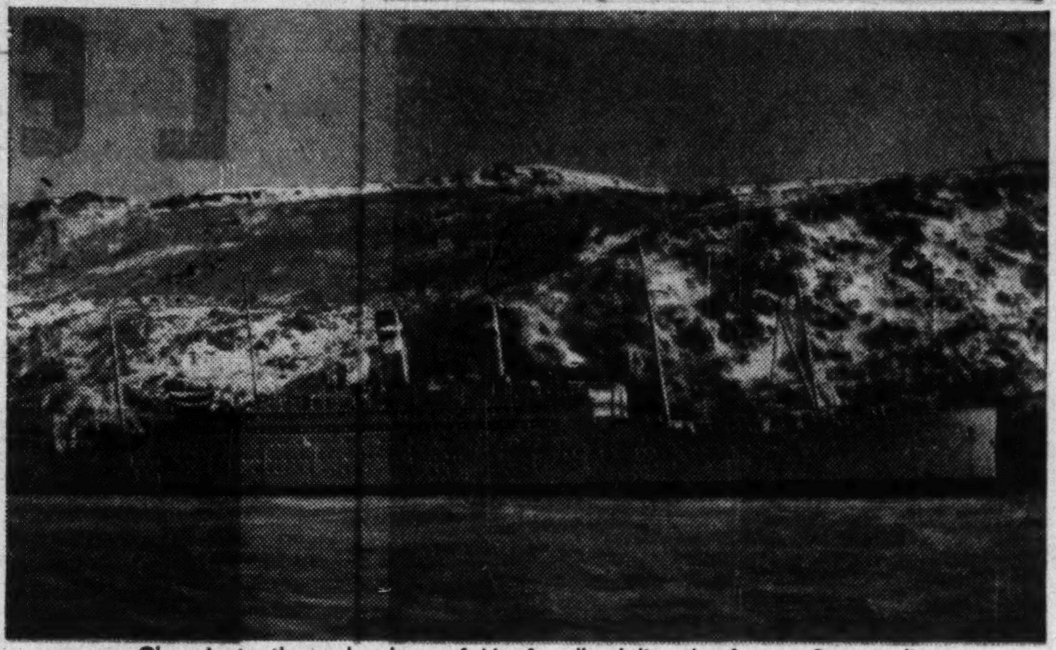
The U.S. is an important market for pulp and paper products and might be further opened up by closer trade relations.

New markets might pave the way for establishment of small industries, which are now largely lacking.

On the other hand lowering Newfoundland tariffs would have a serious effect upon industry already established there. Some domestic industry would be placed in a disadvantageous position by competition from the greatest manufacturing nation in the world.

The United States is not unaware that Newfoundland offers an outlet for its manufactures, and a small measure of peaceful trade penetration is already under way.

If Newfoundland moves closer to the U.S. in trade matters the United Kingdom and Canada will meet much stiffer trade competition. The U.K. has an adverse balance of trade with Newfoundland but Canada's exports to the island are well in excess of imports. Newfoundland has been a good market for Canadian exporters. Canadian financial institutions and insurance companies have been firmly entrenched in Newfoundland for many years.



Close in to the rocky shore of Newfoundland lies the former German liner Amerika, now in the U. S. Army transport service, and renamed the Edmund Alexander. This provides the temporary headquarters and barracks for the U. S. force which is building the U. S. base outside St. John's. The harbour is some 2,060 miles from London, 1,200 from New York, 880 from Boston and 488 from Halifax.

U. K. Best Customer

Since the outbreak of war Newfoundland has stopped publishing trade figures, but last reports issued showed the United Kingdom was its best customer, followed by the United States and Canada.

Imports from the United States and Canada were running close together, while the United Kingdom was well behind in the competition.

Exports totalled $33.4 millions in the 1940 fiscal year, compared with $32 millions in the preceding year. Imports increased from $24.5 millions to $28.4 millions.

Exports by classes during the past year, compared with the preceding year follow:

	1940 $	1939 $
Fisheries	8,099,581	7,439,026
Forest	1,630,761	1,397,297
Mines	7,174,659	9,427,721
Agriculture	33,525	24,146
Manufactures	15,453,374	12,684,742
Mescellaneous	435,423	403,212
	32,827,323	31,376,144
Re-exported	566,522	611,200
a	33,393,845	31,987,344

Newfoundland agriculture has not been sufficiently developed to support consuming demand, and as a result a substantial proportion of imports are of this class. Coal, coke, oil, manufactures, machinery, textiles, etc., form the bulk of the remainder.

Imports in the current year have shown marked improvement. The Department of Finance statement for the 10 months' period ended April 31 shows revenue at record levels. Much of this betterment was due to improved customs collections. In the 10 month period customs were shown at $9 millions, compared with $7.3 millions in the corresponding period last year.

Steady rise in Newfoundland trade is expected to continue during war, and by the post-war period a reorientation and development may have taken place that will aid Newfoundland in rehabilitating the country's economy.

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War Switches Mineral Markets

Canada and Britain Jump Imports of Iron Ore

Minerals account every year for a substantial portion of Newfoundland exports, and along with pulp and paper and fish products largely support the Island's economy. In 1940 mineral exports were valued at $7.2 millions, of total exports amounting to $32.8 millions.

The most important single mineral is iron ore. Of total mineral exports in 1940 $2.9 millions was iron ore. Following in order of importance, from a dollar standpoint, were copper, lead, zinc, limestone concentrates and fluorspar.

Since the outbreak of war, Newfoundland's export markets for minerals have undergone revision. Immediately preceding the war Germany had risen in a brief span to the position of the Island's principal export market. In 1940 for the first time in 20 years Germany does not appear as a market in export statistics.

In 1939 it took 696,628 tons of iron ore to the outbreak of war.

This large outlet was naturally eliminated and caused deterioration in the export situation.

But war has also created substitute markets for the mineral to a large but not wholly compensating extent. Great Britain has largely replaced Germany, and the Dominion Steel & Coal Co. plant at Sydney, N.S., is taking substantial quantities of the ore.

Major importers of Newfoundland iron ore are shown below:

Iron Ore Exports

	1940	1939
Sydney	651,000	510,655
England	730,000	168,860
United States	19,000	14,450
Germany	nil	696,628

Dominion Steel & Coal Co. is increasing capacity at its Sydney smelter by the addition of an open-hearth furnace and when in production will call for increased shipments from Newfoundland.

The large iron ore deposit at Wabana is owned by Dominion Steel & Coal Co. During 1940 employees of the mine averaged 2,026 with a clerical and administrative staff of 85.

This compares with the 2,100 men employed in 1939. Salaries and wages paid in 1940 totalled $2.3 millions, compared with $2.5 millions in the preceding year.

The Wabana Mine is one of the industrial mainstays of the Island and its contribution through wages, taxes, royalties, purchases, etc., plays an important role in Newfoundland economy. In 1940 Dominion Steel & Coal Co. spent nearly $3 millions for various purposes in Newfoundland. Average wage paid to mine workers per capita is relatively high and gives one of the highest standards of living to its employees of any industry on the island.

On Sept. 16 the company instituted a bonus of 15c. for each working day to offset higher costs of living. In December the company paid a bonus of two weeks pay for every employee, calculated on average weekly earnings of present employees over a period of 48 weeks.

Since the Wabana deposits were opened in 1895, output has been rising irregularly. To the end of 1940 37.8 million tons had been mined. Prior to the first war a production peak was reached in 1913 when 1.4 million tons were mined. Production fell in subsequent years but in 1927 reached a new record of 1.5 million tons. In 1932 the lowest point in the 20th century was reached. By 1937 and 1938 Germany's armament requirements carried production to record levels. In 1927 output totalled 1.8 million tons, an all-time high. In 1938 Germany imported 1.1 million tons of the 1.6 million tons shipped—by Newfoundland in that year.

Shipping Uncertain

Early in 1940 considerable doubt existed that Wabana productions could be developed to maximum. One of the uncertainties centred around shipping. By mid-summer, however, the mines were placed in full production.

Future of iron ore production depends upon the ability of Canada to expand its steel programme further and is contingent upon English ability to provide shipping facilities. The question of bottoms is tied closely to the grim struggle being waged along the Atlantic sea lanes. If shipping can be spared iron ore output should be held in the current year at high levels.

Copper concentrate exports are next in order of value of mineral exports. In 1940 they accounted for more than one quarter of total mineral exports. Lead concentrate exports in 1940 totalled $1.1 million of the $7.2 millions of exports. Zinc concentrates were valued at $782,732 and limestone at $253,400.

Buchans Mining Co., jointly controlled by Anglo-Newfoundland Development Co. and the American Smelting and Refining Co., is the Island's only base metal producer. In 1940 total number of employees working at full time amounted to 768, an increase of about 30 men over 1939.

More than half of the tonnage of concentrates produced at Buchans is reserved for sale direct to the British Government.

In 1940 the company carried on an active prospecting programme and extensions to known ore bodies were found by diamond drilling. A large-scale geophysical prospecting programme was carried out during the year northwest of Buchans Junction and in the immediate vicinity of Buchans Mine. No important findings have been made, but prospecting is still being continued.

All mineral ores from Newfoundland are shipped in the crude state to the consuming nations, because of the Island's geographic position and deficiency of coal. Deriving maximum benefit from the large iron ore deposits are precluded until a local iron and steel industry and base metal smelting organization is established. Reserves of base metals, however, are regarded as insufficient to justify such a step.

The Dorr report—a survey of an independent New York consulting engineering concern found that operations at Bell Island (Wabana) and at Buchans were efficient.

The report mooted the possibility of widening operations. It stated that advances had been made in technical skill, which made possible re-opening of some mining projects. It suggested the Government's programme of mineral prospecting and development be extended. In light of war demand it was held a local reduction plant, to provide facilities for handling the output of a number of small properties, now shut down, was possible. This reduction plant might be able to continue after the war.

Other metals, such as fluorspar, pyrophyllite, etc., constitute a minor proportion of Newfoundland mineral production, with little prospect that any of these will develop into major sources of income.

Shown are figures of mineral production and exports for 1940 and 1939.

Mineral Production

	1940 Tons	1940 Value $	1939 Tons	1939 Value $
Iron ore	1,508,774	3,847,374	1,653,093	4,215,397
Limestone	373,869	378,744	251,858	253,619
Lead concentrates	45,588	248,513	41,152	1,071,734
Copper concentrates	40,850	1,416,652	48,579	2,038,960
Zinc concentrates	117,213	960,990	105,579	876,461
Gravity concentrates	421	181,532	396	163,034
Fluorspar	12,500	135,000	11,016	77,112
Prophyllite	280	1,680	......	......
Grinding pebbles	931	5,586	......	......
	2,101,426	7,176,071	2,111,673	8,696,317

Mineral Exports

	1940 Tons	1940 Value $	1939 Tons	1939 Value $
Iron ore	1,116,009	2,858,219	1,756,860	4,481,989
Copper concentrates	43,578	1,970,642	39,544	2,010,778
Lead concentrates	42,897	1,141,596	41,771	1,382,521
Zinc concentrates	67,661	782,732	100,452	1,169,317
Limestone	253,400	253,400	163,200	163,200
Gravity concentrates	201	105,695	380	158,996
Fluorspar	8,950	62,375	8,605	60,235
Talc	......	......	978	1,471
Spelterdross	......	......	8	214
	1,532,696	7,174,659	2,111,798	9,427,751

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Fishing Being Modernized

Quick Freezing Process and Other Changes Coming In

Long the mainstay of the Newfoundland economy the fishing industry is undergoing a process of streamlining. The tiers of flakes that decorate scores of fishing villages are scheduled for removal.

With the passing of salt cod as "kingfish" of the industry, one of the Island's most ancient industries will go, but in its place a huge fresh and frozen and far more remunerative industry is rising.

The Government is trying to bring about the transition as quickly as possible, but it is a large order to uproot the livelihood and methods of generations and replace them by a brand new enterprise.

As yet the fresh and frozen industry has not assumed major proportions, but it is growing lustily and holds considerable promise.

Would Raise Income

Reasons for the conversion are:

(1) The salt codfish business is antiquated and its markets are far afield and poor. Return to fishermen and producers in the fresh and frozen business would be more than doubled. It is estimated that fresh and frozen fish of a given quantity would be valued at $1.4 million. The same quantity of fish would bring $542,125 if salted. The former product would thus yield $27,875 more than salt cod.

(2) Large new markets could be opened for Newfoundland fish if a modern industry were established. The U. S. offers an almost unlimited market for fish, and if a trade rapprochement can be effected in the near future, fish from the Island colony might be distributed in one of the largest consumers in the world.

Quick Freezing

Quick freezing is relatively new, having been undertaken for the first time in 1930. This enterprise has made considerable headway in the U. S. because of the spread of electrical refrigeration units and chain store distribution of goods.

In its survey of Newfoundland fisheries the Dorr enquiry saw the need for modernizing the industry. It recommended the conversion of the fisheries from a primarily salt codfish industry into one processing by freezing, canning or other methods, its products. It also suggested wider utilization of by-products and waste.

The report advocated calling in outside experts familiar with the problems facing the Newfoundland industry.

The possibilities of developing a herring meal industry were seen and mismanagement of American operators blamed for failure of previous efforts along this line.

The value of attractive packaging and distinctive labels were pointed out in the report, as well as a comprehensive programme of advertising.

Substantial strides were made by Newfoundland in 1940 in the processing of fresh and frozen fish. There was a marked increase in quantity of fish exported as fillets and iced fish. Halibut, herring and salmon were exported in much greater volume.

Increase in exports of fresh and frozen fish is shown as:

Codfish:	1940 lbs.	1939 lbs.
Frozen round	3,484,641	800,248
Fillets, frozen	6,541,835	597,623
Tinned	101,252	5,454
Salmon	3,750,336	3,159,694

The major portion of fillets and iced fish was exported to the United Kingdom, where demand has risen since fisheries there have been almost eliminated by war.

The industry is assured of a good outlet for fresh and frozen cod in the current year because of expansion in British demand, but the salmon fishery has been unfavorably affected by shortage of cold shipping facilities.

These two sets of automobile license plates on a khaki colored army truck tell one of the war's great stories; that of Uncle Sam sending strong forces to stand guard with Canadian and Newfoundland troops and prepare defenses in Britain's oldest colony, which is also the gateway to the New World. Total registrations of motor vehicles on the island, autos, trucks, buses and motorcycles in 1939 was 5,676.

Soldiers of Three Nations Linked in Famous Club

The Caribou Hut of St. John's is a familiar resort for the armed forces of three nations. There, numerous facilities, reading and writing rooms, canteen, lounge, concert hall, bowling alleys, games room, and swimming pool are provided for their comfort.

The Caribou Hut is operated by the St. John's War Services Association, formed by the executive committee of the Canadian Club in the Newfoundland capital and other organizations.

When it became apparent last fall that accommodation would have to be provided for troops quartered in the St. John's area, the Canadian Club executive with the aid of the Commission of Government, took over the Seamen's Institute, built by the late Sir Wilfred Grenfell.

Supported by Public

The building was remodelled and with backing of public subscriptions, they equipped the building with facilities for the troops; including sleeping accommodation for 48 men.

In the first three months of operation—from January to March, 1941, 70,000 troops attended various functions at the Caribou Hut, including concerts and entertainment, dances, movies, suppers, etc.

The Hut serves the members of the Newfoundland Militia and Newfoundland troops, and members of the Canadian and American forces and men of the British and Canadian navies and merchant marine.

The Canadian Y.M.C.A. assists in operating the Hut, as well as providing the service of a trained secretary.

Executive committee operating the organization follows:

REV. CANON A. H. HOWITT, President.

H. D. MACGILLIVRAY, Secretary.

E. A. CAPSTICK, Assistant Secretary.

H. R. BROOKS, Treasurer.

MRS. A. C. HOLMES, D. R. THISTLE, C. U. HENDERSON, F. W. MARSHALL, J. A. GIBB, MISS MONA WILSON, CAPT. M. D. PETERS—Executive Committee.

JAMES MACINTYRE, House Committee.

W. D. EDWARDS, Social Committee.

T. H. O. O'NEIL, W. D. MACPHERSON—Entertainment Committee.

The Terra Nova Club, sponsored by the Presbyterian and the United Churches, provides rest and recreation for the Canadian and U.S. armed forces, members of the Royal Navy and Royal Canadian Navy, as well as the Newfoundland militia.

The St. John's Club maintains writing rooms, reading rooms, and games for the men.

Following are members of the Club executive:

REVEREND S. G. GARLAND, Chairman.

R. E. INNES, Vice-chairman.

REV. E. C. KNOWLES, Secretary.

J. WOODS, Treasurer.

Nfld. Entry Rules For Visitors

The Newfoundland Tourist Bureau warns Canadians or United States citizens contemplating a visit to Newfoundland that:

U. S. citizens should be in possession of passports.

British subjects should carry documents sufficient to establish identity as British citizens.

Nationals of any non-Empire country in Europe seeking to enter Newfoundland for any purpose must first obtain a permit from the Chief Commissioner of Immigration in Newfoundland.

Nationals of other non-European countries must be in possession of passports, or other papers, sufficient to satisfy the Newfoundland alien officer at the port of entry as to name and nationality.

Nfld. Light Co. Services Gain

Newfoundland Light & Power Co. owns and operates the electric lighting, power and tramway services of St. John's and surrounding territory. Through ownership of more than 99% of the common stock outstanding the organization is controlled by International Power Co.

Light and power customers of the company increased in 1940 to 9,561 from 9,359 at the end of the previous year. There was $36,000 of 4½% first mortgage bonds issued during 1940, and outstanding amount totalled $2.1 millions at the end of the year. Outstanding 5% general mortgage bonds were reduced by $4,000 to $424,500.

Gross Earnings Gain

Dividends of 8% were again paid on the $100 par value common stock, of which there was $1.5 million outstanding.

Earnings have remained steady over a period of years. In 1940 gross earnings totalled $674,446, compared with $670,780 in 1939. After expenses and taxes of $294,710 and depreciation allowance of $100,000, earnings available for bond interest totalled $279,736. This compared with $299,014 in the preceding year.

Fish Stocks are Much Better

Stock position of codfish at the end of April was substantially better than at the same time last year.

At April 30 licensed Newfoundland exporters showed 84,722 qtls. of shore, bank and Labrador and Newfoundland soft cure. This compares with 249,014 qtls. at April 30, 1940.

It is estimated that new fish in stock at the end of April was 33,800 qtls., against 18,800 last year.

Following are stocks held at the end of April, with comparative figures for last year:

Codfish Stocks At April 30

	1941 qtls.	1940 qtls.
Shore	35,671	128,368
Bank	29,968	17,303
Labra'r & Nfld. soft cure	19,083	103,343
Total	84,722	249,014

Dominion Atlantic Business Expanding

Since formation 21 years ago Dominion Atlantic Insurance Co., St. John's, has shown steady growth. The company accepts fire, marine and automobile risks.

Capital stock authorized totals $500,000, of which $94,860 was paid up at the last financial statement available. Assets amounted to nearly $250,000.

Following are officers and directors of the company:

A. E. HICKMAN, President.
W. R. GOOBIE, Vice-president.
C. C. PRATT, Secretary.
HON. F. H. STEER, HON. HAROLD MACPHERSON, Directors.

Survey Programme Seeks To Expand Mining

Minerals exported by Newfoundland in 1940 amounted to 22% of total exports. They are an important source of revenue and one which might become great in the future.

To broaden its mining industry by opening up new mineral areas, the Government has been conducting surveys every year since 1934. Lack of funds has kept the programme to modest proportions but work has been proceeding steadily.

The Government has sought to determine possibilities of dormant areas where ore has been proved but unprofitable to work, and investigated territory not previously surveyed.

The geological survey obtained two outstanding results in 1940: Discovered new chrome deposits (an alloy used in special steels), and obtained promising diamond drill results of gold prospects.

A new operation of minor size was started in the past year. Grinding pebbles were exported from the Manuels area to the United States, where they are used by grinding mills. Formerly U. S. imported these pebbles from Denmark.

The Government has employed a Canadian concern to make a detailed study of the chrome deposits on the west coast. The scarcity of North American deposits of chrome makes a commercial deposit of particular value in wartime.

Several new evidences of molybdenite were found on the south coast by the field survey party.

Evidences of mineralization were found by a prospecting party searching for base metals in the southern part of the central mineral belt. Economic possibilities of the area have not yet been determined.

The Dorr report suggested that more proved mineral areas could be exploited if a reduction plant were constructed on the Island. All ores are now exported for treatment.

Business Failures Drop to 13 in 1940

Wholesale and retail trade in Newfoundland in 1940 was generally higher than in the preceding year and number of commercial failures during the year fell to 13, the lowest point for many years.

Deficits of the organizations totalled $122,284.

Following are comparative figures of commercial failures in the last 10 years:

Year	No.	Deficit
1940	13	$ 122,284
1939	26	105,566
1938	19	115,891
1937	20	78,657
1936	31	225,406
1935	32	391,504
1934	39	258,297
1933	49	248,566
1932	62	1,161,572
1931	60	409,709

Fishing is one of the great Newfoundland industries and over 100,000 of its men and women take some part in the catching and curing of fish, and at latest report, the value of the "bankers" (vessels that carry more than four dories), "western boats" (smaller ships that fish the nearer banks), schooners, motor boats and all the other gear of a great, romantic industry, was around $7 millions.

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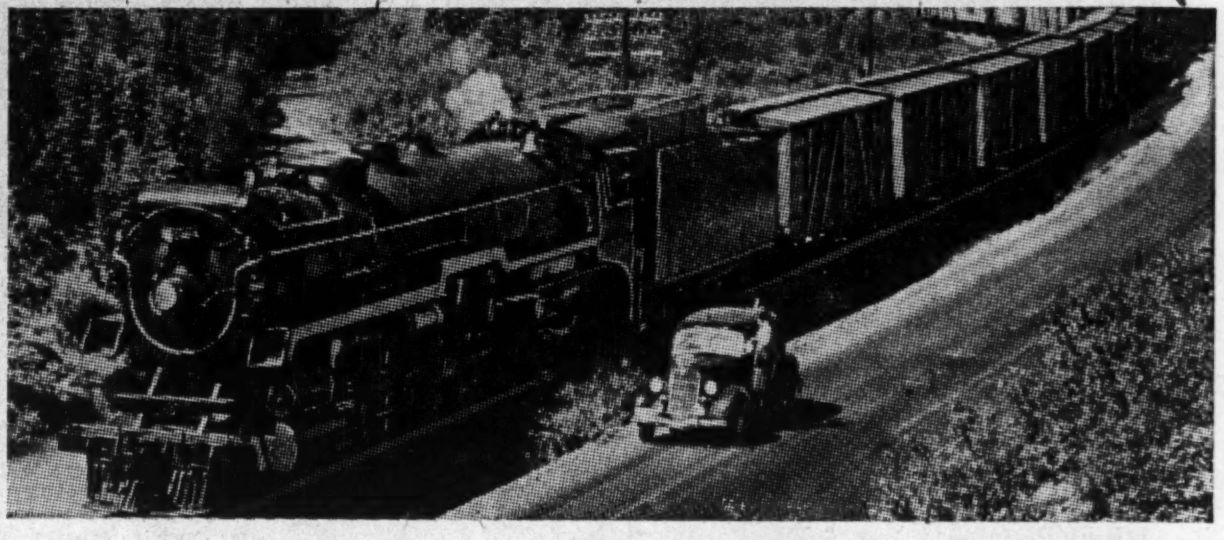

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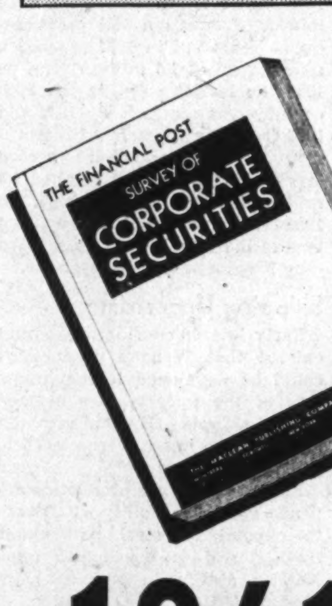

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Newsprint Operations at Capacity

Find New Markets in U.S. — Enough Shipping Problem

Newfoundland newsprint mills operated at effective capacity in 1940, and production in the current year is well ahead of the same period last year.

Two organizations, Anglo-Newfoundland Development Co., Grand Falls, and Bowater's Newfoundland Pulp & Paper Co., Corner Brook, operate all newsprint and sulphite pulp facilities on the Island. The industry is a potent factor in the economic life of Newfoundland. The two companies employ nearly 8,000 men during the year on permanent and temporary payroll.

In the four months to the end of April Newfoundland newsprint mills produced 115,917 tons, compared with 108,739 tons in the same period of 1940. Shipments during the same period were 103,177 tons, compared with 104,165 tons. The Newfoundland industry shipped 64,643 tons of newsprint to the United States in the first four months of the current year, against 39,371 tons in the same period of the preceding year. There were 38,332 tons shipped overseas, compared with 64,555 tons in the preceding year.

Following is a summary of production and shipments for the past three years:

	1940 (tons)	1939 (tons)	1938 (tons)
Production	352,585	308,041	268,404
Shipments	369,143	278,392	264,328
To U. S.	172,903	100,333	59,283
Overseas	195,530	177,441	204,540

Due to war conditions, consumption of the United Kingdom has been greatly reduced, and it has been necessary to find a market for the balance of production in the United States, from which supplies of newsprint from Scandinavia have been largely eliminated.

In March this year Bowater's new $4 millions sulphite pulp plant was brought into production. This plant will turn out 30,000 tons of pulp annually.

The sulphite mill was erected as a result of agreement between the company and the Newfoundland Government. The plant was to have been ready for operation by the end of 1940, but following the outbreak of war it was decided to proceed with the construction of the new plant as quickly as possible.

Very Modern Plant

Work on the new mill was done by the company's own staff at Corner Brook in consultation with engineers and experts from leading pulp and paper mills in the United States, Canada and Scandinavia. The new plant is one of the most modern of its type on the continent.

Entire output of the mill is under contract until 1972.

Newfoundland newsprint producers are sure of high operations for some time, although reduction in size of British newspapers and rising costs have added to the industry's difficulties.

At the present time one of the largest problems is the difficulty of obtaining shipping. These are more a matter of irregularities than a shortage of bottoms. Bowater's owns its own ships, but the carrying capacity of the vessels is restricted by the longer time necessary to make the voyage in convoy.

Insurance rates, charter rates and advancing costs, for which there have been no compensating price increases, militate against the profits.

The Newfoundland mills come in direct competition with eastern Canadian mills and are less advantageously placed in regard to shipping and markets.

Wood operations of the companies have been at high levels. Approximately 290,000 cords of wood were cut by Anglo-Newfoundland and Bowater's 1940 cut totalled a record 418,302 cords, compared with a proposed cut of 387,000 cords. It is estimated that the latter company will cut approximately 400,000 cords of wood in the current season.

Law and order is an international undertaking and subjects of John Bull and Uncle Sam become Newfoundland co-workers in the job of making Newfoundland the Gibraltar of the north Atlantic. An officer of the Newfoundland constabulary, modelled after the Royal Irish constabulary, pauses on his beat with an American military policeman while young Newfoundland also gets into the picture. The Newfoundland Constabulary has a total strength of over 260. Chief is Patrick J. O'Neill, O.B.E., J.P.

Building and Loan Assets Increase

Association Promoting Home Building in St. John's

Newfoundland Building and Loan Association reports good progress in 1940, with assets nearing the $100,000 mark. Formed on Aug. 12, 1936, assets of the company had grown from $1,883.

The company is patterned on similar home-building plans in operation in England, the United States and Canada. Membership in the Association consists of all those who have subscribed for one or more shares. A member may be an investor, a borrower, or both. With par value of $100, shares can be purchased outright, or by monthly installments at rates as low as $1 a month for a share.

St. John's, like other cities on the Atlantic seaboard, is experiencing an acute shortage of housing facilities. The Newfoundland Building and Loan Association is conducting a vigorous campaign to encourage the building of homes under its plan. It is promoting the building of houses and repayment in monthly installments which care for interest, repayment of loans, ground rent, taxes, fire insurance and any other payment.

United Towns' Growth Steady In 37 Years

Gross Earnings in 1940 Total $216,688, Against $197,296 in 1939

United Towns Electric Co. was incorporated 1902 to supply electric light and power service to Harbour Grace, Carbonear, Heart's Content and vicinity.

The first hydro electric plant was built at Victoria, near Carbonear in 1904, and consisted of a 300 h.p. Pelton impulse turbine connected to a 250 k.v.a. General Electric generator. Distribution system was extended to Carbonear and Harbour Grace and a pole line erected to Heart's Content, nine miles distance. Total plant investment was valued at $30,000 and two or three hundred customers for electric light were connected to the lines.

The company has grown steadily until at the present time it operates six hydro electric plants with a total capacity of over 10,000 h.p. It serves 100 towns and settlements on the Avalon and Burin Peninsulas. Total investment in plant is approximately $2 millions.

In 1906 a second unit of 300 h.p. was installed at Victoria power plant; in 1918 a third unit of 900 h.p. was added, followed in 1923 by a hydro electric plant of 4,500 h.p., erected at Seal Cove in Conception Bay. Power was transmitted to the St. John's area principally for resale to the Newfoundland Light and Power Co. In 1929 a hydro-electric plant of 500 h.p. was placed in operation at Lawn on Burin Peninsula. Transmission and distribution lines were built to Grand Bank, Fortune, Lamaline, Burin, etc.

In 1931 a 1,500 h.p. hydro-electric plant was erected at Topsail, 12 miles from St. John's. In 1932 the 2,000 h.p. hydro-electric plant at Heart's Content was purchased and incorporated into the United Town's system.

In 1939, erection of a 500 h.p. hydro electric plant at Little St. Lawrence was completed.

The company has been operating for 37 years, bringing electric light and power facilities to many isolated communities along the coast of the Avalon and Burin peninsulas.

1940 Earnings Better

The company reported earnings from operations of $216,067 in 1940, compared with $197,141 in the preceding year. After income from investments, total income amounted to $216,688, against $197,296.

Net profit amounted to $9,513 in 1940, compared with $5,568 in the preceding year.

Net working capital decreased from $70,444 to $47,438.

Following are officers of the company and comparative accounts for the past two years:

R. J. MURPHY, President and Managing Director.

J. D. CAMERON, Secretary-treasurer.

Income and Surplus Account
Years Ended Dec. 31

	1940 $	1939 $
Gross earnings	216,688	197,296
Less: Op. exp. & tax	93,142	83,299
Bond interest	54,825	51,187
Depreciation	59,208	57,242
Net profit	9,514	5,568
Add: Prev. surplus	6,352	5,784
Less: Def. assets w/o	8,040	5,000
Surplus forward	7,825	6,352

Working Capital

	$	$
Current assets	119,364	114,243
Current liabilities	71,926	43,799
Working capital	47,438	70,444

Anglo-Newfoundland Development Active

Anglo-Newfoundland Development Co. operated at full capacity in 1940. Production amounted to approximately 140,000 long tons of newsprint, 2,000 tons of wrapping paper and 19,000 long tons of pulp.

The company is finding a ready market for its sulphite pulp in the United Kingdom, due to the extreme shortage because of the elimination of Scandinavia as an exporter. The company has therefore extended and improved its sulphite mills at Grand Falls. Capacity has been increased from 55 tons to 80 tons daily. The company is developing U. S. markets for newsprint to replace lost U. K. consumption.

Wood cut totalled 290,000 cords in the past season. The company has increased its mechanical hauling equipment and now delivers half its wood by tractor.

At the end of 1940 the company employed 3,150 men at its mills, in the woods and other branches. An increase of two cents an hour was granted to all employees at May 1, 1940. Total wages and salaries for the year approximated $3 millions.

The company maintains the community of Grand Falls, and during the past year installed numerous services. It has undertaken housing plans, extended water and sewage facilities, and has erected a new school at Millertown.

United Nail and Foundry Expands Plant Facilities

United Nail & Foundry Co., St. John's, was established 83 years ago. It has expanded operations steadily and is equipped to perform a wide variety of foundry work. The organization manufactures special alloyed cast irons, such as nickel, Ni-chrome, and Ni-hard, resulting in production of cast irons that are stronger, more machinable, more heat-resistant, wear-resistant and anticorrosive.

In the past few years the pattern shop, molding shop, cleaning shop, varnishing shop, stove assembly, electric plating shop and various activities of the foundry have been enlarged. An expansion programme was undertaken in 1936 when a new steel casting plant was installed. This included an electric arc furnace for melting steel, an electric annealing furnace and special grinding and oxy-acetylene equipment. In the past year the company completely reorganized its sheet-metal department.

In October last year, the company opened a new wire mill and nail factory. The new equipment has made possible the production of all types of nails.

All types of ship's gear, etc., are being made, and the company has been called upon to supply materials in connection with the construction of air, military and naval bases being erected in Newfoundland by the United States and Canada.

Nfld. Clothing Pioneer Firm

Newfoundland Clothing Co., is the oldest clothing manufacturing concern in Newfoundland. It commenced operations in 1894, and was incorporated in 1908. It manufactures men's and boys' ready-to-wear garments. The company is working on uniforms for Newfoundland defense forces and in the last Great War made clothing for the Royal Newfoundland Regiment.

The manufacturing operations of the organization were first carried out in quarters on Duckworth Street. In 1908 a new plant was erected. The company's plant was extended subsequently and numerous modernizations of equipment have since been undertaken.

The company is closely associated with leading business interests in St. John's. President of the organization is David Baird, of Jas. Baird Ltd., St. John's mercantile establishment. Jas. S. Ayre of Ayre and Sons Ltd., is vice-president.

Nfld. Marine Insurance Co.

Newfoundland Marine Insurance Co., St. John's, commenced business 31 years ago insuring sailing vessels. Business has expanded steadily and the organization now writes insurance on all types of vessels.

Gross premiums received in 1940 totalled $28,055, against $28,683 in 1939. After deduction of $7,040 for reinsurance premiums, net premiums amounted to $21,015 in 1940, compared with $22,273. In 1939 premiums for reinsurance were $6,410.

Net profit was $11,398 last year, after all charges, including income tax. This compares with $10,869 in the preceding year.

Investments had a book value of $181,501 and a market value of $158,272 at the end of 1940. This compares with $177,992 and $164,458, respectively, at Dec. 31, 1939.

A dividend of 5% was paid Jan. 16, 1940, on the capital stock, of which there were 1,863 shares of $100 par value outstanding at the end of the year. There was $65 called and paid up on the shares.

Following are officers and directors of the company:

HON. W. S. MUNROE—President.
A. H. MURRAY—Vice-president.
E. A. BOWRING, DAVID BAIRD, HON. R. B. JOB, L. C. OUTERBRIDGE, H. B. C. LAKE, R. H. AYRE—Directors.
A. MUNN—Managing director.

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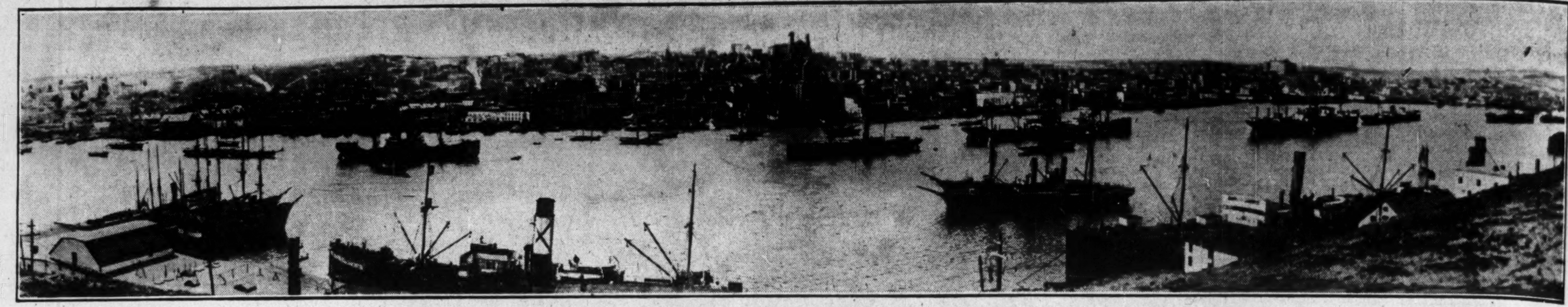


NEWFOUNDLAND

Vital Gateway of the Atlantic

UNITED IN EMPIRE'S GREAT WAR EFFORT From the day that war broke out, the people of Newfoundland have unanimously and wholeheartedly entered into its prosecution with loyal zeal. Out of all proportion to its limited population, its young men have enlisted for service. In increasing numbers, they have gone to England to join the active forces, while a large representation is in Canada, training under the British Commonwealth Air Training Plan.

An especially high percentage of Newfoundlanders — born in the traditions of the sea — are in the Royal Navy, though many others are in the Army and Air Force. Prominent in this service is a group of experienced loggers in the British Forestry Corps.

Altogether Newfoundland has joined in the conflict as an integral part of the British Empire — with upwards of 4,000 volunteers overseas.

GREAT NAVAL AND AIR BASES BEING BUILT BY THE U. S. A.

The mutual agreement between Great Britain and the United States, whereby the latter extended Western Hemisphere defence, not only released tonnage to Great Britain but assured the Empire of full development of naval and air bases on this side of the Atlantic.

Newfoundland is the strategic gateway in the Atlantic and was among the first sites chosen for adequate defence.

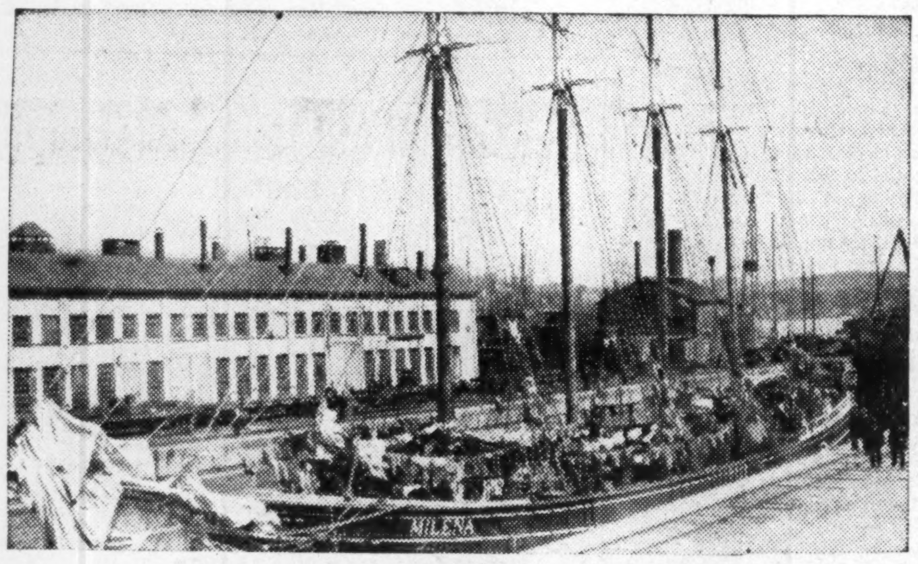
With the complete co-operation of Newfoundland, the U.S.A. has been hastening its construction here of one of the world's outstanding bases, from which British and American ships and planes will operate in the defence of democracy.

ITS CONTRIBUTION TO WAR ECONOMY While Newfoundland troops are absorbed directly into the Imperial forces, it has been the policy of the Government to save the Mother Country as much as possible.

Savings Certificates are being sold to bridge the gap between revenue and expenditure. By Nov. 30, 1940 the budget was in balance. Additional burden assumed by Newfoundland since war has totalled $4,000,000 annually. In June of last year, a loan of $1,500,000 was floated to make a voluntary contribution to Great Britain.

Newfoundland has been able to make a marked economy contribution to the war through its major industries. Its fisheries have helped to maintain Britain's food supply; its forests, pulp and paper requirements; its mines, vital mine ore.

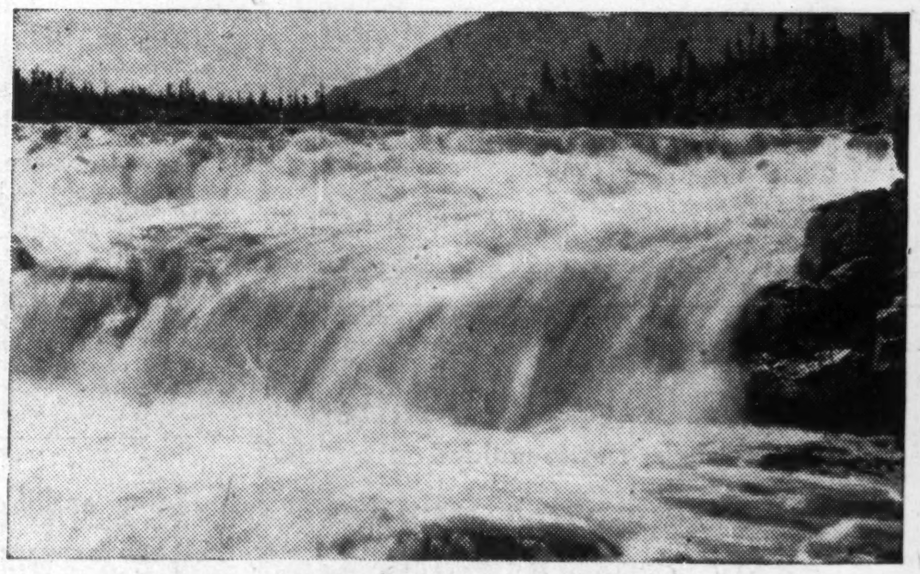
NEW OPPORTUNITIES FOR CAPITAL INVESTMENT



GRAND BANKS FISHERMEN AT ST. JOHN'S

FROM THE SEA

For three centuries the framework of Newfoundland's industrial life was the country's fisheries, and it is likely to dominate for many years to come. The Newfoundland and Labrador waters continue to yield rich harvests of fish. Codfish, the world's best, is the major product, but many other species contribute to the total catch. The salmon fishery is a growing and healthy industry; developments are also taking place in the herring industry; sealing activities yield a substantial return, while the haddock, halibut and lobster harvests are also of much importance.



BIG FALLS ON SERPENTINE RIVER

Among the Natural Resources of Britain's Oldest Colony

GOLD, COPPER, MOLYBDENITE, SULPHUR, IRON, LEAD, SILVER, ZINC, FLUORSPAR, LIMESTONE AND OTHER MINERALS. THE LARGEST REMAINING SOURCE OF PULP TIMBER IN THE WORLD

FROM THE FOREST

Newfoundland and Labrador constitute one of the largest remaining sources of pulp timber in the world. Thus far this wealth has been exploited largely by two large paper organizations which have assumed a most important place in the island's business. More recently a profitable trade in pitprops has been developed and additional avenues are constantly being explored. In value of production, newsprint surpasses all other Newfoundland industries and its further successful development is one of the potential bright spots on the country's industrial horizon.

Newfoundland is a land of great natural wealth and opportunity. Her financial integrity is assured, indeed this has the financial support of the United Kingdom herself. She looks to those who possess in combination the financial means and the power of initiative to join with her in deriving profit from her development.

FROM THE GROUND

In Newfoundland are situated the world-famous lead-zinc-copper mine at Buchans, and, at Bell Island, one of the largest known iron ore deposits of the world. Fluorspar, limestone and pyrophyllite are also produced and exported in increasing quantities. Deposits of gold, molybdenite, copper, sulphur and other minerals offer attractive opportunities for exploratory work. The Geological Survey is actively engaged in investigating the resources of the island and seeking opportunities for their development. Ready at the command of those interested in developing Newfoundland's natural resources is almost unlimited power.

For further information communicate with

Government Offices - - St. John's, Newfoundland

Will U.S. Arms Defend Canada?

Aid Imperative If Britain Falls, Informed Americans Say

Informed American opinion is three to one in favor of U. S. defense of Canada against attack, should Britain be defeated.

Those supporting U. S. aid to the Dominion in such a hypothetical event include politicians, pacifists and others who have been most active in the campaign to block U. S. aid to Britain, and isolate the United States from the war.

These basic facts highlight results of a survey undertaken by the United States News, Washington weekly magazine of national affairs, and reported in the last two issues of the journal. To canvass the possibilities of U. S. war involvement as the impact of the war moved closer to the Western Hemisphere, the News asked defense experts, educators, members of Congress and authorities on international affairs:

"Do you think we should defend Canada against attack in the event, Britain is defeated?"

Of the 24 answers published by the News, 18 were definitely in favor of such action. The remaining six were either flatly opposed or so qualified as to be negative in effect. Most of the "No" answers came from confirmed pacifists by conviction or religious persuasion.

Notable among replies in favor were those from hitherto isolationist Senators, Congressmen and business leaders, such as Senator Burton K. Wheeler, Rep. Hamilton Fish of New York, and Brig.-Gen. Robert E. Wood, chairman of the America First Committee. General Wood gave an affirmative answer without qualification.

Sample Answers

Following are extracts from the favorable replies from some of the better known respondents to the question, a number of whom referred to the reaffirmed Monroe Doctrine as a supporting argument:

Senator Vandenberg, Michigan — "Canada and the United States are an indivisible physical unit so far as defense against invasion is concerned. Certainly Detroit, Mich., cannot wait until an invasion reaches Windsor, Ont., before it starts to shoot."

William Allen White, editor of the Emporia (Kans.) Gazette, and honorary chairman, Committee to Defend America by Aiding the Allies—"I think we should defend Canada against attack whether Great Britain is defeated or not. . . . I cannot imagine any American who would question the need of defending Canada under any possible circumstances of attack."

A. Lawrence Lowell, president emeritus, Harvard University, and chairman of executive committee, League to Enforce Peace—"For more years than I can remember I have felt that in the interests of the United States we should defend Canada from attack by any country, even—if such a thing were conceivable—by England herself."

Senator Nye, North Dakota—"We ought to be amply prepared for any such emergency . . . Canada and other neighbors of ours should always be denied as battleground for any European cause."

Robert Elliott Speer, former president, Federal Council of Churches of Christ in America—"We are bound to follow such a course by the principle of the Monroe Doctrine, obligations of true neighborliness, by our own proper national self interest, by the considerations of international morality, for the sake of human freedom."

Rep. Hamilton Fish, New York—"I am a firm advocate and upholder of the Monroe Doctrine, and believe that it is in the interest of the United States to defend Canada against attack in the event Britain is defeated. Our navy and air forces should be put at the disposal of Canada for purposes of defense against any combination of foreign powers."

Senator George, Georgia—"It will be necessary to defend Canada if any attack is made on the Dominion. In the second place, we have lately reaffirmed the Monroe Doctrine. . . . Beyond doubt the United States would go all out in the defense of Canada against any attack."

More in Favor

Others in favor included:

Rev. Dr. William P. Remington, Bishop of Eastern Oregon (Protestant Episcopal).

Roger S. Greene, Worcester, Mass., associate director, Committee to Defend America by Aiding the Allies.

Frederick D. Kershner, Indianapolis, Dean of the College of Religion, Butler University.

Edward A. Ross, Madison, Wis., chairman of the national committee, American Civil Liberties Union.

Felix Morley, president, Haverford (Pa.) College.

Senator Aiken, former Governor of Vermont.

Louis J. Taber, member of national committee of America First Committee, and a director, American Peace Society.

Freeman H. Allen, chairman emeritus, Department of History and Politics, Colgate University.

Opposing Replies

Among the opposing answers were those of:

Richard R. Wood, Philadelphia, executive secretary of Friends Peace Committee—"A defense of Canada aimed merely at defeating Germany, or some other aggressor of the moment, would be futile. If it were successful, it would prolong the reliance on armed force, which is the source of the danger. National security can only be achieved in international order."

Bernard Iddings Bell, canon of St. John's Cathedral, Providence, R.I.—"Co-operation with Canada might mean such involvement in imperial and other enterprises, including revenge and attempted recovery of England, as would make the problem too complicated to be solved ahead of time."

J. Bernard Walton, Philadelphia, secretary, Friends' General Conference—"War is utterly destructive of all values—material and moral. The most unfriendly act we could do for Canada would be to fight Germany on her soil."

Rev. Dr. William Lindsay Young, Moderator of the General Assembly, Presbyterian Church in U. S. A.

Frederick J. Libby, executive secretary, National Council for the Prevention of War.

Dr. Paul H. Bowman, president, Bridgewater (Va.) College, and director, Brethren Service Committee, Camps of Conscientious Objectors—"I cannot endorse national policies which involve my country in violence and the slaughter of human beings."

Can. Breweries Earnings Up

Canadian Breweries Ltd. reports earnings for the quarter ended April 30, 1941, running over $26,000 higher than the corresponding quarter of last year, before providing for income taxes and minority interest. After depreciation, interest and all operating charges, earnings were $136,119, compared with $109,744 a year ago and $1,979 two years ago.

For the six months ended April 30, net profit was somewhat lower at $249,336 against $276,789 a year ago and $52,160 two years ago.

Consolidated balance sheet April 30, 1941, shows funded debt reduced $175,000 to $1,950,000 from $2,125,000 a year ago. Cash with the trustees for bond redemption now amounts to an additional $540,658. Working capital is some $300,000 lower as a result of increases in tax reserves.

Operating Account
Three Months Ended Apr. 30

	1941 $	1940 $
Oper. profit	277,016	252,374
Add: Other income	13,874	6,809
Total income	290,890	259,183
Less: Interest	31,655	31,488
Depreciation	123,115	117,951
Profit*	136,119	109,744

*Before provision for minority interest and income taxes.

Working Capital

Current assets	3,321,190	3,194,789
Current liabilities	1,715,883	1,293,923
Working capital	1,605,307	1,900,866

Total assets at Apr. 30, 1941, are reported at $12,786,929, and net fixed assets, after depreciation reserve of $2,387,318, at $7,999,196.

To Test Validity Of Alberta Act

From Our Own Correspondent

EDMONTON. — Validity of Alberta's Debt Adjustment Act will be argued before the Supreme Court of Canada on June 24 as the result of Ottawa's acceptance of a reference of the Act made recently by the province.

When provincial authorities asked that the Act be referred to the Supreme Court of Canada Ottawa's permission resulted in a speeded Supreme Court hearing being possible and it likely will supersede a reference to the Alberta court.

Principal question in the reference asks: "Is the Debt Adjustment Act, 1937, as amended, or any of the provisions thereof, and in what particular or particulars, or to what extent, ultra vires of the legislature of the Province of Alberta?"

Other questions are similar to those included in the Alberta court reference. These asked if the Act as amended was "valid and applicable to executions and other proceedings issued or taken upon judgments founded upon bills of exchange or promissory notes?"

June Dividends Down Some $10 Millions

Main Factors in Decline Are Imperial Oil, International Pete, Hudson Bay Mining and Lake Shore — Bond Interest Up

Dividend payments declared for June, 1941, are some $10 millions lower than in June, 1940. Principal factors in the decline are the omission of extra dividends on Imperial Oil and International Petroleum, accounting for $3,370,000 and $3,581,000 respectively, and the fact that Hudson Bay Mining & Smelting has not as yet declared its mid-year payment which amounted to $2,757,000 a year ago.

For the first half of 1941 dividend payments will be slightly more than $8 millions down from last year, barring further declarations within the month. The entire drop for the first half is traceable to June declarations, a gain of approximately $2 millions being recorded in the first five months of the year.

Reduction of the Lake Shore payment to 35 cents from the former 50 cents has contributed $300,000 to the June decline, partially offset by increased payments by Kerr Addison, Dominion & Anglo Investment Corp., and by Securities Holding Corp. Resumption of dividends by Commonwealth Petroleum Ltd. with 2 cents, first payment since 1939 has also helped offset other reductions.

Payments of bond interest in June will total $23.2 millions against $21.5 millions a year ago.

Summary of June Payments

	1941 $	1940 $
Dividends	47,727,738	58,518,502
Bond interest	23,179,000	21,464,000
Total	70,906,738	79,982,502

Monthly Dividends

	1941 $	1940 $
January	23,026,402	22,838,309
February	10,655,895	6,779,319
March	27,821,583	28,740,412
April	23,823,789	23,487,730
May	7,230,853	7,927,144
June	47,727,738	58,518,502
	140,286,260	148,391,416

Dividend Payments
Industrials and Utilities

Company	Rate $	Date	Amount $
Aluminium, c.	2q	5	1,488,820
Do., pref.	†1.50q	1	118,494
Anglo-Can. Tele., A	.15q	2	73,085
Asbestos Corp.	.15q	30	90,000
Do., extra	.15	30	90,000
Assoc. Breweries, c.	.25	30	59,500
Bathurst Pr. & P., A	.25	2	100,000
Bright, T. G.	.07½q	14	7,500
Do., pref.	1.50q	14	11,181
Canada Cement, pfd.	1.25q	20	251,086
Can. Cr. Stone	.10	30	6,374
Canada Cycle	.30q	30	30,000
Do., pref.	1.25q	30	11,926
Can. Dom. Sugar	.37½q	2	562,500
Canada Dry	†.15	24	92,273
Canada Foundries, A	.37½q	16	14,227
Canada Malting	.50q	14	99,486
Canada Vinegars	.10q	2	9,200
Can. Wire & Cable, A	1q	15	29,668
Do., B	.50	15	75,332
Do., pref.	1.62½q	15	46,419
Can. Bakeries, pfd.	2	1	18,260
Can. Celanese	.25q	30	65,102
Do., extra	.25	30	65,102
Do., pref.	1.75q	30	175,000
Can. Ind. Alcl., A, B	.10	2	111,191
Can. Marconi	.04	1	182,187
Can. Wineries	.25	12	28,500
Can. West. Nat. Gas, p.	1.50q	2	39,373
Cap. Wire Cloth, pf.	.87q	2	3,700
Cel. of Amer., part. p.	†3.50s	30	518,626
Corr. Paper Box, p.	1.75	1	12,180
Do., arrears	1.75	1	12,180
Crow's Nest Coal	1.50	2	93,189
David & Frere, A	.25q	30	5,750
Distillers-Seag., c.	.55½q	16	972,718
Dom. Envelope, pfd.	1.75q	1	7,402
Dom. Foundries, pfd.	1.50q	2	18,000
Electrolux	†.20	16	247,500
English Elec., A	.62½q	16	26,622
Famous Players	.25q	27	107,631
Ford Motor, A, B	.25q	21	414,740
Gatineau Power, c.	.20q	30	332,435
Ham. Un. Theat., pf.	1.25q	28	9,070
Imperial Tobacco, ord.	.10	30	945,103
Kelvinator	.25q	10	25,000
Lake of W. Mill.	.50	2	73,844
Do., pref.	1.75q	2	26,250
Langley's, pref.	▪.50	12	2,828
Laura Secord	.20q	1	57,500
Loblaw Groc., A, B	.25q	2	207,089
Do., extra	.12½	2	103,544
Loblaw Groc. Inc.	†.20q	2	67,298
Louisiana Land	†.10	16	296,513
MacKinnon Steel, p.	1.25	16	5,937
Marcus Loew's, pfd.	1.75	30	11,442
Do., arrears	1.75	30	11,442
Mitchell, Robt.	.50	30	36,300
Mansfield Theat., p.	1.75s	30	13,125
Montreal Cottons	1q	15	30,000
Do., pref.	1.75q	15	52,500
Nan. Dun. Util., pf.	.81¼q	2	6,500
New Method Ldy., p.	1.62½	1	4,062
N. S. Light & Pr., p.	1.50q	2	36,450
Northwest. Util., pf.	1.50q	1	15,189
Ogilvie Flour, pf.	1.75q	2	35,000
Ottawa Electric	.30q	30	10,559
Power Corp., c.	▪.15	30	66,953
Pressed Metals	†.25q	2	67,142
Regent Knit., pref.	.40q	1	6,400
Reliance Grain, pf.	1.62½q	14	32,500
Rolland Paper, pfd.	1.50q	2	22,500
Russell Industries	.20q	30	16,532
Do., pref.	1.75q	30	18,284
Simon & Sons	.15q	28	4,506
Do., pref.	1.75	28	4,635
Toronto Elevators, pf.	.66q	7	19,279
Union Gas	.20q	14	141,239
Do., extra	.20	14	141,239
Walker-Good.	1q	16	724,004
Do., pref.	.25q	16	140,204
West Can. Hyd., pfd.	.20q	1	10,762
Do., com., B	.05s	1	5,000
Total			10,225,063

Mining Companies

Company	Rate $	Date	Amount $
Aunor Gold	.04	2	80,000
Beattie Gold	.04	18	200,000
Bulolo Gold	1.50s	30	1,500,000
Can. Malartic Gold	.02q	18	73,027
Central Patricia	.04q	28	100,000
Do., extra	.02	28	50,000
Coniaurum	.04q	18	110,669
Falconbridge N.	.05	28	166,875
Granby Cons.	†.15	2	67,539
Hallnor Mines	.15q	2	300,000
Hard Rock Gold	.05	21	149,503
Hollinger Cons.	.05	17	246,000
Do., extra	.05	17	246,000
Inter. Nickel, c.	†.50q	30	7,292,012
Kerr-Addison	.07	28	331,121
Lake Shore Mines	▪.35q	16	700,000
McIntyre Porc.	.55¼q	2	442,890
McK. Red Lake	.03q	16	88,050
Macassa Mines	.08q	16	214,245
Noranda Mines	1	16	2,239,772
Pamour Porc.	.06	2	300,000
Pato Cons. Gold	.10	25	320,000
Do., extra	.02	25	64,000
Pickle Crow	.10q	30	300,000
Placer Development	.60s	30	446,400
Perron Gold	.04q	21	80,000
Do., extra	.01	21	20,000
Sherritt Gordon	▪.05	25	293,721
Siscoe Gold	.02	16	92,801
Sudbury Basin	.02½	30	42,238
Sylvanite Gold	.07q	30	230,965
Ventures	.10	25	157,395
Waite Amulet	.10	16	380,000
Total			17,275,223

Oil Companies

Company	Rate $	Date	Amount $
Andian National	†1s	2	2,550,000
Do., extra	†.50	2	1,275,000
Commonw'th Pete.	.02	2	37,026
Davies Petroleum	.01	5	16,999
Imperial Oil	.25s	2	6,741,269
Inter. Petroleum	.50s	2	7,162,044
Do., pref.	.50s	2	100,000
Royalite	.50s	2	358,743
Sec. Std. Royalties, p.	.01	16	25,035
Stuart, D. A. Oil, p.	.20q	2	8,376
Do., participating	.50	30	20,848
Total			18,295,432

Financial

Company	Rate $	Date	Amount $
Bank of Montreal	2q	2	720,000
Bank of Toronto	2.50q	2	150,000
Bk. Can. Nationale	2q	2	140,000
Can. Intnl. Inv. Tr., pf.	.50q	2	7,575
Confederation Life	1.50q	30	15,000
Cons. Div. S. Secs., p.	.37½s	16	13,462
Dom. & Ang. Inv.	2.50	2	25,000
Do., pref.	1.25q	2	16,187
Dom. Scot. Invest., p.	▪1.05	2	51,592
Montreal Loan	.31¼q	16	7,500
Provincial Bank	1.50q	2	60,000
Royal Bank	2q	2	700,000
Securities Holding, p.	.75s	30	13,804
Un. Gold Eq., st. c.	.06	30	11,900
			1,932,020
Grand total			47,727,738

q—Quarterly. s—Semi-annually.
†Payable in U. S. funds.
▪Subject to approval by Foreign Exchange Control Board.

Commodities

Commodity markets which have been tending upward for some weeks received a check in President Roosevelt's proclamation of an unlimited national emergency in the United States. It was considered that the effect of this on the commodity markets would be that if prices got out of line, action would be taken promptly by Washington to control them. This would have a sympathetic effect on Canada in many cases.

Already steps have been taken to set a ceiling on certain classes of hides in the United States and it was anticipated that similar action would be taken elsewhere if any unusual advances were seen.

	Latest week	Previous week	Same week last yr.
Cattle	$9.35	$9.10	$8.25
Hogs	12.50	12.40	11.00
Copper, lb.	.12	.12	.11½
Cotton, lb.	.1355	.1361	.1041
Rubber, lb.	.2225	.23	.22
Silk, lb.	2.93	2.94	2.77
Sugar, raw, lb.	.0342	.0333	.0275
Wheat, Man. (bu.)	.76⅝	.78⅞	.74½
Coffee, lb.	.08	.08	.05¼
Hides	.15	.17	.10½
Weekly Indices			
Canada (D.B.S.)	87.7	87.2	81.2
Do., Wood, Gundy	71.8	72.0	64.2
U. S. Labor	85.0	84.6	78.5
Dow Jones (future)	67.83	68.00	52.84
Fishers'	92.4	92.4	83.4
Monthly Indices			
Canada (D.B.S.):			
Retail (Apr.)*	108.6	108.2	104.6
W'sale (Apr.)	86.6	85.9	83.1
U. S. (Mar.)	81.5	80.6	78.4
Gt. Brit. (Dec.)	148.6	146.9	102.8

Note:—The base of indices is that 1926 equals 100. *Base 1935-39=100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Here is a recent Public Information Office photograph of Royal Canadian Air Force men sailing from a Canadian port to fight in the skies over Europe. Among their number is many an American.

New Control For Kerr Addison In J. Y. Murdoch Appointment

J. Y. Murdoch, president of Noranda Mines, was elected president of Kerr-Addison Gold Mines following election of a new board of directors for that company. André Dorfman, president of Anglo-Huronian, was chosen vice-president of Kerr-Addison.

The new board consists of:
J. Y. MURDOCH.
ANDRE DORFMAN.
OLIVER HALL, consulting engineer for Noranda.
J. H. C. WAITE, president, Mining Corp.
M. F. FAIRLIE, Kerr-Addison consulting engineer.
J. H. RATTRAY, consulting engineer.
L. K. FLETCHER, consulting engineer.

Only Mr. Waite and Mr. Dorfman were previously on the board. G. A. Cavin was reappointed secretary-treasurer.

Although former president George B. Webster, and F. M. Connell, a retiring director, were nominated for the new board of directors by W. R. Sweeney, both refused to allow their names to stand before the annual meeting and only the men on the new board were nominated. Mr. Sweeney insisted on a ballot count for the election of the seven directors instead of a "token" ballot. Previous statements on shareholdings assured election of the seven nominees to the positions open on the board, but the ballot on the directors necessitated adjournment to early this week.

Anglo, Noranda Big Holders

In the early stages of the meeting it became obvious where the control lay. Anglo-Huronian owned 400,000 shares, it was stated, while Noranda Mines owned 600,000 shares. As predicted by The Post, it was decided not to vote the million shares held by Proprietary Mines. The new group had received proxies for a million shares on top of their own holdings.

The new group, therefore, held control of about 2 million shares, against 687,231 held by the former president, George B. Webster.

Mr. Webster's Statement

Before the election of the new board of directors the retiring president reviewed developments leading up to the situation as follows:

"Prior to the last general meeting representations were made to me that interests representing substantial holdings of shares would like a seat on the board. This representation was offered but was refused. It was at this period that the very large tonnage of ore since developed on the lower levels was still unproved.

"On Aug. 1, 1940, one of your directors, Mr. Dorfman, tabled at letter at a board meeting stating that his company, Anglo-Huronian, and Noranda Mines had substantially increased their shareholdings in this company and now controlled a very large percentage of the company's shares. He further added: 'We feel that representation of our holdings and conduct of the company in accordance with our views must be secured and we intend to insist on changes at the next annual meeting to remedy the situation.'

"The retiring directors as well as myself are of the opinion that the interests of this company would not be served by a board dominated by two interests, but rather by a board the members of which represent entirely different viewpoints and are free to express their own opinions."

Five Months Results

An average of 1,937 tons of ore were milled at the mine in May. Estimated operating profit of $1,198,855 for the first five months was obtained from milling 262,751 tons of ore and production of $2,009,393. Production for the third quarter will be augmented by a ball mill which will permit a rise in tonnage to 2,000 to 2,100 tons daily. This is the ultimate figure for which the present plant is capable.

It is not expected that further large additions to ore reserves will be made until the main ore zones are developed at deeper horizons. The 1,300-ft. level now shows a calculated ore tonnage of 8,200 tons per vertical foot, Mr. Webster stated, which is the largest tonnage developed on any level in the mine. Preparations for carrying work to greater depth are being made and actual work will start on June 10.

Some questions as to the rake of the company's ore bodies was raised at the meeting. Both M. F. Fairlie and Mr. Rowe, the mine manager, stated they did not believe there was a regional rake from the information that is available so far. Individual ore bodies might rake east at one point and west at another point. There is definitely no rake of ore into Chesterville ground, according to Mr. Fairlie.

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Week in Mining

Tax Concession Offer Stirs Little Response

Apparently Few Marginal Mining Operations Consider Possibility of Tax Rebate Sufficient Inducement by Itself to Start Producing

While some of the older mines have taken advantage of the Dominion Government's offer to "bargain" for increased production by tax rebates, it is believed that the value of tax concessions to marginal operators has not in most cases been sufficient to encourage erection of new mills. In a few instances production might be considered but marginal ore is not the type that can be borrowed on at the bank, and tax concessions alone have not been found enough to make needed capital available.

Increase in the excess profits tax has perhaps strengthened the hand of the Dominion Government as far as securing greater production from older mines by tax rebates. There is now a greater margin within which the Dominion Government can bargain. Bargaining power in connection with new mining propositions has also been increased but unfortunately if production was not profitable before it still will be unprofitable.

Opening a Big Mine

M. F. Fairlie, Kerr-Addison consulting engineer, gave some idea of the tremendous amount of work involved in the opening up of the great Kerr-Addison gold mine at depth at that company's annual meeting. Two miles of lateral work to be done on each new level will require two years to complete, Mr. Fairlie said. Each level will altogether take 2½ years before it is completely opened up.

Mines use lumber but few people know just how much they do use. Kerr-Addison is embarking on a programme of 1,500 ft. of shaft sinking to carry exploration to greater depths. A total of 25 carloads of lumber will be necessary for the timbering of the shaft alone.

Riches have been some slight embarrassment to Kerr-Addison. Mining of closely parallel ore bodies has caused some difficulties, but these have now been overcome.

* *

Ships and Mining

The Battle of the Atlantic is not only affecting people on the other side of the water, but people on this side as well. Shipping shortage has caused a serious bottleneck in oil deliveries and even the mining industry is now being affected.

Out on the Pacific coast, Vancouver Island coal mines are facing a serious problem. They are able to produce coal and the market for it exists. But the ships necessary to carry it are available in ever smaller numbers. Further curtailment of production is being faced. To offset declining supplies from Vancouver Island it is anticipated production in East Kootenay will be increased even further.

* * *

Vital Metals Hit

But coal is not the only item affected in the mining field by the shipping shortage. In the United States lack of shipping space has prevented building up supplies of strategic metals to desired levels. This will apparently give an opportunity to Canadian as well as American mining people to make a contribution to the war effort by developing supplies of special war minerals. According to Edward R. Stettinius, Jr., director of priorities for the United States, these are some of the minerals of key importance: chromite (the ore of chromium), copper, graphite, manganese, mercury, mica, nickel, quartz crystal, tin, tungsten and zinc.

Canada has noted resources of some of these minerals. Nickel production can be increased further. Quebec is one of the chief world sources of mica, although mining has not been extensive in recent years. Quartz crystals can be produced here. Some shortages of tin are known to exist in Manitoba. Mercury and tungsten have been placed in production since the outbreak of war. More zinc is being produced in Canada than in any time in history.

** * *

Silbak's Testing

Silbak Premier—which acquired the Premier mine several years ago—is looking in new directions in its search for new ore bodies to perpetuate its existence. Exploration of the adjoining Premier Border property is now getting under way. Besides a new surface showing on the Premier Border a new ore body located on Silbak-Premier's Cascade Falls No. 5 claim is stated to have induced the Silbak Premier people to take a 60% interest in the Premier Border property.

Present work on the Premier Border property comprises a survey of the old workings and old tunnels Following this, it is expected a development programme for the property at depth will be laid out. Extent of the programme, of course, will likely be determined by the possibilities indicated by the survey now under way.

* * *

N. B. Manganese

New Brunswick people are taking a great interest in the development of manganese properties these days. Projects are small, but it appears that there are a number of chances of success even where development capital is relatively limited.

Sussex Manganese is now driving an adit for opening up an indicated vein on its property. Considerable ore is stated to have been mined there years ago and present operators have been able to extend the old showings. The newly formed British Manganese Mines has acquired a manganese property at Shepody Mountain, New Brunswick. This is another old N. B. property which ancient reports indicate has a considerable quantity of ore available. Old workings will be surveyed once more when funds have been accumulated.

Madsen Red Lake May Jump Mill

With a view to expanding capacity at a later date, Madsen Red Lake Gold Mines will carry on a very extensive development programme this year, shareholders were informed at the annual meeting by W. R. Askwith, managing director. Milling is now being carried on at the rate of 400 tons a day. An increase in capacity by 200 tons would cost $165,000, it is estimated, while doubling of capacity could be carried out at a cost of $225,000.

Acquisition of the Rouge d'Or property adjoining the Madsen Red Lake property for $253,000 was done principally to protect the rake of the company's ore, shareholders were informed. There is now ample rake protection, it is claimed. Development of the Rouge d'Or property has disclosed 60,000 tons of ore above the second level averaging 0.22 oz. gold per ton. Estimated profit in this ore after development charges works out at $210,000.

Arntfield Ends Note Offering

Several Months Indicated Mill Feed at 200-Ton Milling Rate

Offering of the 6% notes of Arntfield Gold Mines has been withdrawn, President F. S. Arntfield states in a letter to shareholders.

"Development at the mine continues to be most satisfactory," Mr. Arntfield states. "A very considerable tonnage of new ore has been developed on several levels at No. 3 shaft. Following conclusion of the Senator milling contract, which terminated April 20, we were able to resume production on our own ore at a rate of 200 tons a day—all the mill feed coming from No. 3 shaft from these new developments. Enough of this new ore is now developed and/or indicated to feed the mill for several months at 200 tons per day. Production for the first month is expected to be approximately $30,000."

Sinking of the No. 2 shaft is more than two thirds completed and will be finished late in June. New additional ore from all three new levels at No. 2 shaft should be available for milling by August, when it is hoped to be able to increase the milling rate.

It is hoped to be able to make a further report to shareholders in about four or five weeks.

Quebec's Mineral Output Up in April

The Quebec Bureau of Mines report on mineral production of the province in April shows output of gold, silver, clay products, lime and cement was well above April, 1940. Production of gold and clay products was slightly lower than the previous month, but of silver, lime and cement showed substantial increases.

The production of silver and lime in April set a new record, while that of clay products and cement was highest for any April since 1931.

Output of gold, silver and lime for the first four months of 1941 was a record for this period of the year. Compared with the corresponding period of 1940, the increases are as follows: Gold, 7.5%; silver, 39%; clay products, 87%; lime, 33%; cement, 24%.

Week in Oils

From Our Own Correspondent

CALGARY.—Increased pressure on the Dominion Oil Controller by the Alberta Petroleum Association and individual oil operators for an increase in the posted field price for Turner Valley and other Alberta crude oils can be expected in the immediate future.

The case for increased crude prices in Alberta was considerably strengthened last week, say oilmen, by the announcement that three major American purchasing companies had posted a 10 cent per bbl. increase for oil they purchase in Texas, Oklahoma, Kansas, Louisiana, New Mexico and Illinois, and that most other purchasing companies were expected to follow suit. This announcement was followed immediately by posting of 10 to 13 cents per bbl. increase by most purchasers in Wyoming and Montana. The upward trend in crude prices has been apparent in the United States for several months. The latest boosts culminate a series of increases that have spread higher crude oil prices over all of the great American oil states. Increased demands and increased labor and material costs are given credit for the upward price trend.

* * *

Formerly Tied to U. S.

Prior to the outbreak of the current war, Alberta crude prices were tied to those prevailing in the United States. As Turner Valley production expanded following the crude oil strike in 1936, prices were gradually adjusted downward to meet the competition of Mid-continent and Montana oil in the Alberta field's broadening Prairie market. Taking the price of 40 gravity crude as a base, Turner Valley prices dropped 41c per bbl. from $1.55 to $1.14 between December 1936 and January 1938, and remained at $1.14 until the summer of 1940, when two small boosts totalling 8c per bbl. were passed on to the producer to balance a reduction in the Turner Valley-Calgary Pipeline carrying and handling charges.

Since the outbreak of the war the tie between Alberta and American prices has been broken. Rising exchange rates and the imposition of a 10% imports tax abruptly increased the cost of landing American oil on the Canadian Prairies, but neither the posting companies nor the Oil Controller ordered a corresponding increase in Alberta posted prices. Recent price boosts in the States have still further increased the competitive differential between Alberta and American oil in the Prairie market.

* * *

No Effect on Outlets

Many oilmen hold that the normal laws of economics should govern the Alberta crude oil price, and that the price—as was the case prior to the War—should be its competitive value in the current marketing area. If this were done, according to some authorities, the price could be upped the full 33c differential between Turner Valley 1936 and 1941 prices and still permit successful competition against American oil in the Prairie Market. Certain it is, according to a refining and marketing company official who should know, a 20c per bbl. increase in Turner Valley prices would not make one iota of difference so far as the extent of the field's economic market is concerned.

The attitude of Oil Controller Cottrelle has apparently been, however, that the price differential has been entirely due to the war, and that the oil producer should not benefit nor the ultimate consumer suffer through an upward revision of Alberta crude prices. That view has blocked previous efforts to obtain a Turner Valley price boost.

Now strengthening the oilmen's stand, however, is the fact that crude oil prices in the States have risen to offset increased labor and material costs. Development and operating costs in Alberta, they point out, have also risen substantially in recent months, due to increased drilling depths in Turner Valley, sharp increases in the cost of drilling equipment, casing and production equipment, and increased labor costs.

Even granting that oil producers should not benefit from the rise in exchange rates and the imports tax on imported oil, oilmen in general are convinced that a price increase to offset their increased development and operating costs is warranted, and due.

In addition to this argument, the representations of oilmen to Canada's Oil Controller will stress the fact that no other single factor could provide a greater stimulus to Canadian oilfield development than a substantial boost in the price of crude. It will be pointed out strongly that Alberta cannot hope to increase or even sustain production at the current level for more than a year or two, unless development of both present and prospective oilfields is substantially increased.

* * *

Valley Operations

Wells: Crude Oil producing (under quota) 145; testing production 5; shallow oilwells 3; naphtha wells (operating) 55; drilling 27; to spud 8; standing 9. Total, 252. Daily field allowable (crude, shallow and naphtha wells): 26,000 bbls. (effective June 1). Wells testing: Atlas 1; Lion Sunray 1; Major Oil 1; Twin Valley 1; Royalite 55. Drilling lime: Anglo Canadian 9; B.A.-Brown 2; Empress 1; Harris 3; Home Millarville 7.

* * *

Big Survey On

Without fanfare, the McColl-Frontenac Oil Co. has commenced geological and seismic survey work on one of the largest Crown Reservations yet taken out in Alberta, according to unofficial information. The large geological and survey party is now working in the vicinity of Cereal and Oyen, about 135 miles east of Calgary on the Eastern Central Plains. It is understood the party will cover an area about 60 miles long and 25 miles in width.

* * *

Tax Concession

Taxation concessions (probably on the allowances for depreciation and depletion) to encourage oil companies to engage upon exploratory drilling will be made possible through an amendment to the War Exchange Conservation Act, given final reading by the House of Commons. The amendment, according to Finance Minister Ilsley, empowers the Dominion Government to enter into agreements with oil companies to give them tax concessions to assist them in financing oil prospecting so that new wells may be opened up and the nation's oil supply maintained. Oilmen anticipate considerable benefit from the measure, but have not yet received sufficient information to appraise exactly the possible results.

* * *

Oilmen Object

Not so well received, however, was the announcement by the Alberta Government that, under an Order-in-Council passed May 28, Crown Royalties on oil and gas production from Crown Leases would be revised effective June 1. The new royalties are a straight 12½% royalty on leases granted by the Dominion Government, for the period June 1, 1941, to June 1, 1951, and the choice of a "sliding scale" royalty ranging from 5% to 15% or a straight 12½% royalty on oil production from the leases granted by the Provincial Government since Oct. 1, 1930, and on school lands, the new rate to be effective for five years only from June 1, 1941. In addition, a royalty of one-half cent per 1,000 cu. ft. will be collected on all sales of natural gas, and on natural gas used off the location. Opposition of operators is not so much to the scale of royalties as to the fact that they are applicable to wells now producing or drilling, as well as to wells not yet drilled.

Thrift Stores

Continued improvement in the operations of Thrift Stores Ltd., Montreal, resulted in a gain of $21,000 in operating profits for the fiscal year ended March 29, 1941. Further stores were remodelled during the year, R. H. Hommel, president, states improvements were made to other premises, and the number of stores reduced by combining units which were close together and closing other stores.

Satisfactory settlement is reported with the City of Montreal over the disputed chain store tax for the periods ended in 1939 on. Similar settlement is hoped for with the City of Verdun.

Note payable to Stop & Shop Ltd. has been reduced from $50,000 to $30,000 and working capital shows an improvement of approximately $15,000. Earnings after increased taxes were lower than last year, but remained above preferred dividend requirements, although no dividends have been paid.

Consol. Income and Surplus Account Years Ended

	Mar. 29 1941 $	Mar. 30 1940 $
Operating profit	153,393	132,092
Less: Exec. salaries ..	22,478	23,368
Directors' fees	2,700	1,800
Legal fees	4,536	3,643
Int. on note	2,247	4,745
Depreciation	34,450	27,099
Income taxes	35,500	14,371
Add: Profit on invest.	......	105
Net profit and surplus	51,482	57,171
Less: Prev. deficit ..	128,380	173,697
Prior yr. inc. tax ..	3,418	9,304
Prior yr. store tax ..	15,583	......
Loss on assets sold..	387	2,550
Deficit forward	96,286	128,380
Earnings per Share:		
$1.62½ first pref. ..	$3.76	$4.17
$0.70 second pref. ..	2.43	2.91
Common	1.04	1.32
No dividends paid.		
Working Capital		
Current assets	474,501	478,369
Current liabilities ...	291,511	310,366
Working capital	182,990	168,003

Over Million Canadians Buy War Savings

From Our Own Correspondent

OTTAWA. — Over one million Canadians bought war savings certificates in May. Their total purchases amounted to $7,076,100 and brought total cumulative sales for the current year to $37,516,176.

Since the campaign started toward the end of May last year Canadians have subscribed to $63,957,284 of these certificates.

The peak of sales to date was reached last March when $10,053,796 of certificates were sold. War Services Campaign, income taxes, etc., took their toll in April and May, but as sales in each month held at over $7 millions, the showing is considered as remarkably good.

In all there are nearly two million subscribers to war savings certificates. The number who have maintained payments is exceptionally high; much higher than indicated by monthly returns. Many subscribers do not take a full certificate each month. Their monthly contribution is held until payments are sufficient to cover purchase of a certificate. Consequently the number who are making regular payments is well above the number of actual certificates issued each month.

The dollar volume of sales by provinces from January 1 to May 31, 1941, and from May 27, 1940, to May 31, 1941, follows:

	Jan. 1 to May 31 $	May 27/40 to May 31/41 $
P. E. I. ...	155,750	276,994
N. S.	1,828,555	3,133,103
N. B.	987,454	1,830,830
Que.	6,454,707	11,091,635
Ont.	18,250,300	29,519,140
Man.	2,669,836	4,625,436
Sask.	1,952,352	3,582,776
Alta.	2,195,337	3,918,725
B. C.	3,021,885	5,978,645

Big Development Plan On at Lake Shore

From Our Own Correspondent

KIRKLAND LAKE—A broad programme of development designed to place the mine in better shape to supply the mill is now under way at Lake Shore Mines, The Financial Post learned on a visit to the property. This programme is expected to take two years in all to complete. After the first year it might be possible to lift the mill above the present 1,700 tons daily, but it is believed that the milling will more likely be held close to the present level to be on the conservative side.

Have New Ore to East

Development work is now into new ore to the east where five new levels are being opened up. This new ore could be 1,200 ft. long at its greatest extent and may add about 800 ft. on the average if the zone is not shifted by faulting. So far the north vein has not come in.

Ore to the east is now expected to offset weakening of the ore structure to the west over against Teck-Hughes as depth has been reached.

The station for the 600-ft. level is expected to be cut in about three weeks.

To Sink Other Shaft

When this work is completed, sinking will be started in the other shaft and later the first shaft will be continued again below 6,000 ft. The objective is to get to depth as quickly as possible. Equipment at the one shaft is capable of handling work down to 6,800 ft., while the other plant will operate to 6,000-ft. depth. Only a possible labor shortage would bar carrying of work to depth.

Drifting at depth must be carried slowly—one shaft a day—to minimize any difficulties from bursts. In mining it is necessary to leave as few angles as possible. Different areas must be mined at the same pace, it has been found.

Milling Lower Grade

With the current milling rate of 1,700 tons, much lower grade material is being put through. Any material which will show a reasonable profit is put through the mill. It is not a case of mining only the high-grade ore available.

Dividend Situation

There has been no inclination of directors to commence a programme of outside exploration but rather to pay out profits as earned in dividends.

It had been thought the company would just about be able to make its last 50-cent dividend until the increase in the excess profits tax was announced, forcing the reduction to 35 cents a share for the quarter.

New Canadian Manager For Handy & Harman

Thomas H. Gallagher has been appointed manager of Handy & Harman of Canada Ltd., Toronto fabricators, dealers and refiners of precious metals. He comes to Toronto from Chicago where he was in charge of sales. He succeeds John W. Colgan, manager of Handy & Harman at Toronto since 1938, who has been appointed sales manager of the parent company at New York.

Saint John Dry Dock To Build New Dock

From Our Own Correspondent

MONTREAL.—Contract for construction of a new dry dock has been awarded to Saint John Dry Dock & Shipbuilding Co. The new dock will be adjacent to present facilities of the company and will be used to repair Admiralty tankers and vessels. It will be of the semi-tidal variety and be operated by Saint John Dry Dock on a rental basis. No detail of cost has been issued.

Algoma Central Terminals Pays

Bondholders' committee for Algoma Central Terminals Ltd. has declared payment of coupons Nos. 1 and 2 on the 5% first mortgage bonds. In addition, interest on the coupons, which were due Dec. 31, 1931, and June 30, 1932, will be paid at the rate of 5%. Accrued interest on No. 1 coupon will thus be 47½% of the coupon, on No. 2, 45%.

Payment is to be made at the chief office of the Bank of Montreal in Montreal or London, Eng. No interest will be paid on these coupons from June 30, 1941.

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These returns show that of the 23 companies underwriting power plant insurance in Canada, The Boiler Inspection Company alone, had on its books more than the total on the books of all the 22 other companies combined!

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Position of Chartered Banks of Canada as of April 30, 1941, Shown by Monthly Returns to Minister of Finance

LIABILITIES

NAME OF BANK	Notes in Circulation $	Deposits by and Bal. Due to Dominion Government $	Deposits by and Bal. Due to Provincial Governments $	Advances from Bank of Canada $	Demand Deposits in Canada $	Savings Deposits in Canada $	Deposits Elsewhere▲ $	Bal. due to other Banks in Canada $	Due to Banks in U.K. $	Due to Banks Elsewhere $	Bills Payable $
Montreal	19,260,668	60,260,102	15,263,413	....	303,002,686	442,619,207	92,863,826	2,837,470	9,891,694	10,937,692	....
Nova Scotia	7,460,130	11,984,750	1,737,765	....	73,443,278	160,711,573	45,922,350	2,983,443	1,060,738	1,314,051	....
Toronto	2,795,454	4,034,687	1,846,572	....	58,669,191	90,838,132	776,104	210,467	572,473	526,004	....
Provinciale	2,280,600	2,563,234	1,035,602	....	10,433,802	39,598,970	9,652	4,780	....	18,563	....
Commerce	15,688,874	18,907,718	28,584,132	....	215,478,044	330,968,004	63,563,092	1,108,670	3,084,943	6,277,393	....
Royal	21,540,946	21,379,898	16,728,788	....	321,028,564	355,720,931	214,887,259	13,503	2,534,572	8,119,900	15,666
Dominion	3,964,036	5,639,710	1,498,694	....	44,386,192	81,574,032	6,213,519	1,330,664	520,302	276,471	....
Nationale	3,776,957	6,415,034	3,487,295	....	37,165,699	100,283,660	387,003	1,521,080	113,090	842,226	....
Imperial	4,150,620	6,816,346	16,203,191	....	59,976,221	98,659,978	284,229	1,286,353	1,158,203	613,165	....
Barclay's (Canada)	459,120	3,729,737	9	....	4,377,953	6,583,403	2,984,227	271,411	3,045,698	748,207	....
Total	81,377,405	141,731,216	86,385,461	....	1,127,961,630	1,707,557,890	427,891,261	11,567,841	21,981,713	29,673,672	15,666

NAME OF BANK	Letters of Credit outstanding $	Other Liabilities $	Dividends Declared and unpaid $	Reserve Fund $	Capital Paid Up $	Total Liabilities $
Montreal	12,884,232	4,244,003	767,002	39,000,000	36,000,000	1,049,832,000
Nova Scotia	14,230,847	226,926	13,995	24,000,000	12,000,000	357,089,852
Toronto	2,345,711	....	151,655	9,000,000	6,000,000	177,766,454
Provinciale	29,001	6,589	4,495	1,000,000	4,000,000	60,985,294
Commerce	20,202,406	....	635,604	20,000,000	30,000,000	754,498,885
Royal	25,309,679	....	744,846	20,000,000	35,000,000	1,043,024,558
Dominion	2,569,031	748,935	176,831	7,000,000	7,000,000	162,898,421
Nationale	383,414	40,991	145,515	5,000,000	7,000,000	166,561,969
Imperial	2,814,963	....	175,825	8,000,000	7,000,000	207,139,099
Barclay's (Canada)	787,993	....	....	750,000	1,500,000	25,237,762
Total	81,557,277	5,267,444	2,815,768	133,750,000	145,500,000	4,005,034,299

SUPPLEMENTARY INFORMATION

NAME OF BANK	Capital Authorised $	Capital Subscribed $	Last Dividend %	*Loans to Directors and firms of which they are Partners $	Average Notes and Deposits with Bank of Can. $	Greatest Amount of Notes in Circ. $
Montreal	50,000,000	36,000,000	8	432,488	78,102,645	[illegible]
Nova Scotia	15,000,000	12,000,000	12	2,571,783	25,816,000	[illegible]
Toronto	10,000,000	6,000,000	10	448,625	19,514,788	[illegible]
Provinciale	5,000,000	4,000,000	6	158,828	7,147,377	[illegible]
Commerce	50,000,000	30,000,000	8	1,344,609	61,524,219	[illegible]
Royal	50,000,000	35,000,000	8	1,256,136	73,275,041	[illegible]
Dominion	10,000,000	7,000,000	10	619,416	14,530,181	[illegible]
Nationale	10,000,000	7,000,000	8	190,904	15,262,277	[illegible]
Imperial	10,000,000	7,000,000	10	541,117	14,282,048	[illegible]
Barclay's (Canada)	1,500,000	1,500,000	....	9,466	1,296,940	[illegible]
Total	211,500,000	145,500,000	....	7,573,372	310,751,516	84,058,407

▲Of this amount, $44,952,183 represents deposits in Canada in currencies other than Canadian. *And loans for which they are guarantors.

ASSETS

NAME OF BANK	Gold and Subsidiary Coin Held in Canada $	Gold and Subsidiary Coin Held Elsewhere $	Notes of Bank of Canada $	Deposits with Bank of Canada $	Notes of Other Banks $	Govt. and Bank Notes other than Canadian $	Cheques on other banks $	Balances due by other banks in Canada $	Due by banks in U.K. $	Due by banks elsewhere $	Govt. sec. short term $	Govt. sec. long term $	Canadian municipal securities $	Public sec. other than Can. $
Montreal*	1,655,526	101,059	24,127,957	64,133,100	762,445	379,803	32,851,067	....	5,914,874	57,989,188	247,914,896	214,014,356	19,295,747	19,145,943
Nova Scotia	406,416	1,035,054	6,867,623	17,347,478	221,461	6,231,343	10,893,285	....	11,264,893	12,793,067	55,652,354	72,332,810	11,437,983	973,198
Toronto	308,517	....	4,202,899	15,632,475	112,765	78,893	8,136,748	....	206,519	2,711,322	31,681,488	43,645,491	3,736,113	....
Provinciale	289,531	....	2,352,062	5,018,639	98,090	27,505	2,274,882	4,601	15,197	1,068,122	2,552,858	12,016,164	13,063,088	....
Commerce†	1,012,219	151,941	14,505,380	42,866,503	363,278	1,482,448	22,981,141	298,801	5,673,291	19,612,521	119,624,257	161,649,039	9,884,345	28,165,070
Royal	2,013,686	1,822,464	21,920,412	51,180,416	689,787	20,312,468	36,225,048	18,938	14,877,405	52,712,888	229,094,046	178,739,605	6,991,090	7,717,163
Dominion	301,749	105	3,369,090	11,118,226	209,750	123,935	5,511,654	19	1,068,360	4,216,135	27,067,007	25,268,714	1,876,613	222,500
Nationale	688,192	....	6,060,381	8,731,403	168,710	55,920	5,793,876	1,598,766	6,482	1,968,396	21,383,236	33,003,323	18,247,726	9,673
Imperial	427,529	....	5,861,004	11,330,794	196,540	69,434	8,256,113	750,808	82,508	2,015,543	45,310,478	42,691,322	7,301,321	....
Barclay's (Can.)	3,238	....	60,511	1,489,298	1,840	1,049	251,246	765,689	1,468,192	2,708,998	4,552,897	8,389,516	1,000	....
Total	7,106,603	3,110,623	89,327,319	228,848,332	2,824,666	28,762,798	133,175,060	3,437,622	40,577,721	157,796,180	784,833,517	791,750,340	91,835,026	56,233,547

NAME OF BANK	Other bonds and stocks $	Call and short loans in Canada $	Call and short loans elsewhere $	Current loans in Canada $	Current loans elsewhere $	Loans to provincial governments $	Loans to municipalities $	Non-Current loans $	Real estate other than Bank premises $	Mortgages on real estate $	Bank Premises $	Deposit for note circulation $	Other assets $	Total assets▲ $
Montreal*	26,452,490	2,681,134	17,026,562	232,871,955	18,025,166	1,538,371	33,296,659	1,037,964	477,772	449,499	13,900,000	1,075,362	1,852,920	[illegible]
Nova Scotia	10,557,967	2,325,927	181,370	94,372,561	15,900,896	484,734	3,516,313	404,690	....	80,721	6,096,903	452,444	2,495,854	[illegible]
Toronto	3,640,152	988,160	....	56,780,859	....	....	3,031,186	66,226	....	9,863	3,300,945	187,406	....	[illegible]
Provinciale	1,498,186	2,630,073	....	12,892,442	....	26,428	2,321,811	78,281	493,128	279,829	2,078,790	140,978	72,918	[illegible]
Commerce†	16,921,743	8,017,907	9,548,969	212,648,888	16,117,713	7,452,661	12,629,111	1,579,098	2,265,463	1,081,608	14,152,063	847,000	4,025,293	755,760,171
Royal	30,354,466	7,145,979	14,164,370	217,319,144	84,275,639	846,771	18,430,804	1,787,431	1,980,970	664,877	14,478,137	1,340,000	3,809,006	1,046,222,704
Dominion	1,900,688	1,524,058	1,632,150	67,032,603	1,000,181	661,821	895,168	184,139	28,123	46,454	5,492,504	266,500	200,413	[illegible]
Nationale	4,321,227	3,102,344	....	47,425,610	....	178,054	6,408,380	210,362	1,603,774	643,998	4,901,146	251,767	233,180	[illegible]
Imperial	57,415	2,660,120	....	66,688,129	....	427,704	4,409,914	326,170	49,285	300,182	5,725,882	262,132	44,711	[illegible]
Barclay's (Can.)	....	174,625	....	4,125,479	....	....	....	6,319	....	....	450,000	20,556	....	[illegible]
Total	95,704,334	31,250,327	42,553,424	1,012,157,670	135,319,595	11,616,544	85,039,346	5,680,680	6,898,515	3,557,031	70,576,370	4,844,145	12,734,395	[illegible]

*The business of the Bank in San Francisco, U.S.A., is carried on under the name of a locally incorporated company and the figures are incorporated in the above statement.—Footnote to Bank of Montreal return.

†The Canadian Bank of Commerce (California) has been incorporated under the laws of the State of California to conduct the business of the Bank in that State and the assets and liabilities of the Canadian Bank of Commerce (California) are included in the above general statement.—Footnote to Canadian Bank of Commerce return.

▲Total assets include $1,557,277 letters of credit outstanding as shown in liabilities.

Tight Money Fails to Freeze Mine Exploration

Available Dollars Stretched to Press Diamond Drilling and Drifting

By GORDON M. GRANT
Staff Writer, The Financial Post

Sensational results of diamond drilling are unlikely to brighten mining horizons of 1941. But many exploration projects are going quietly ahead with every dollar being stretched. Drilling contracts are being signed at record low figures and alert managements can often get the drilling contractor to take 25% payment in stock.

Saving money in mine-making is taking several forms. One plan is to lease somebody else's mill to accumulate enough money to erect your own mill. Or purchase a good disused mill, partly for stock and part cash.

Money is even being saved in putting down shafts. Wherever possible, mine managements are saving the entire expense of shaft sinking by underground exploration from workings of a neighboring mine. Over a dozen mines have been carrying on this type of exploration the last few years and nearly 10 are actively developing in this way at the present time.

Macassa is an outstanding example of this type of venture. This mine was developed from the workings of the adjoining Kirkland Lake mine. Officials knew they had a mine before there was any operating shaft completed.

Drifting Exploration Cheaper

There is no doubt that development from an adjoining property is the cheapest method of exploration. Drifting usually costs in the neighborhood of $10 a foot. Shaft sinking costs in the neighborhood of $50 a foot, and the expense may run as much as $100 a foot.

Besides the actual expense of sinking the shaft there is the cost of assembling a mining plant and installing a headframe and hoist.

At least one company has taken over its mining plant on a rental basis with an option to buy if results turn out as expected. A good mining plant is worth money nowadays with deliveries of equipment running far behind schedule.

Many managements are performing wonders with the money at their disposal, when the cost of developing properties a few years ago is considered. Supply costs may be higher with the war but capital expenditures are certainly being cut to the bone.

Big Companies Co-operate

Big mining companies have been co-operating with small mining companies in carrying out exploration from their workings. History is repeating itself in Macassa's agreement to explore the Casakirk property to the north and the Amalgamated Kirkland property to the south. Drives have been put out toward each property at the 3,000-ft. horizon and a gold-bearing break has already been intersected near the Casakirk boundary.

Lake Shore continues to explore the optioned property of Kirkland Basin, which adjoins to the north, from its own workings. Toburn has been active in exploring the Federal Kirkland Combined properties from its workings and further work may be done at a deeper horizon at a later date.

Hollinger Does it, Too

Kirkland Lake has had no monopoly on this type of exploration. In Porcupine, Hollinger is exploring the Gillies Lake property from its workings and an agreement was completed with Mace for the same type of work some time ago. Preston has an impressive exploration programme afoot, with crosscuts going out for exploration of the adjoining New Augarita and Presdor properties. Surface drilling on New Augarita previously gave some encouragement.

Over in Quebec development of the National Malartic deposit underground has so far been restricted entirely to exploration from the adjoining Sladen workings. In Ontario's Beardmore area Northern Empire is exploring the Norex property from its workings.

Farther west exploration of the Camrock property will be carried out by drilling from the Jason workings. In this case, exploration is already being carried out at surface following discovery of a number of veins.

Work Advances

Even with prospecting money hard to get numerous properties have been making encouraging headway. One of the best drill showings secured in recent months has been at Orpit Mines in Bristol twp., in the outlying part of Porcupine. Drilling carried out over a period of years on these claims, known as the McCauley-Bridge group, had given some encouragement but consistent results that really seemed to indicate a commercial ore body have only been secured recently.

The mineralized zone has now been followed for a distance of 1,000 ft. westward. Deeper drilling is planned to cut the zone about 250 ft. deeper than the initial drilling. If results are comparable to recent results, consideration will be given to shaft sinking.

Good Ore Sections

The hole at the northwest end of the 1,000-ft. indicated length at Orpit returned values for a 103-ft. core length including sections averaging $13.19 across 1.3 ft., $12.32 across 2 ft. and $16.27 across 3 feet. A hole 200 ft. to the southeast returned $24.50 over 11 ft. while a hole still farther east went $7.25 across 17 ft.

Most of Orpit's authorized capital of 4 million shares has been issued and either reorganization or formation of a new company appears likely if a shaft sinking programme is to be undertaken.

With the announcement made that Teck-Hughes Gold Mines is exercising its option on the property of Beaucourt Gold Mines, attention has been focused on this property in Louvicourt twp., Quebec, not so far east of Lamaque Gold Mines.

Under terms of the agreement with Beaucourt, Teck Exploration Co.—a subsidiary of Teck-Hughes — will form a new company to continue development. Diamond drilling has indicated a considerable number of zones that may prove good ore makers.

It appears that sinking of a new shaft to test possibilities of new zones will soon be the next step. Exploration from a shaft put down under a predecessor company showed a considerable tonnage of ore.

Senore Completes Shaft

Not so far from the Beaucourt property, over in Pascalis, Senore Gold Mines is carrying on underground at its property north of Perron Gold Mines. Several ore shoots totalling 240 ft. were opened up along a length of 600 ft. in lateral exploration last year. The shaft has been deepened to 500 ft. and exploration will be carried out at that horizon. Work may be done later at the 350-ft. level.

The Senore deposits appear similar in character to other properties in the area such as Perron and Cournor.

When $30,000 was placed in the treasury for development earlier this year, 850,000 shares remained in the Senore treasury of an authorized capital of 3 million shares. Finances have been chiefly provided by New York interests, with Canadians also participating.

Acordia to Sink Shaft

A new shaft is to be put down on the property of Acordia Porcupine Gold Mines in the Porcupine area. Several years ago a shaft was put down 160 ft. with a level opened up at 125 ft. Some interesting results were secured but surface diamond drilling has now disclosed possibilities that are more interesting than those in the original shaft area and the new shaft was decided on as the most feasible method for testing new results.

When Acordia financing was completed last February the company had 1,900,006 shares issued of an authorized capital of 3 million shares. A total of 30,000 shares were purchased for $4,500 with a further 70,000 shares underwritten at 15 cents. Options were granted on shares at prices ranging from 15 to 50 cents a share.

Central Porcupine Test

Central Porcupine Mines is embarking on a new diamond drill test of its property in the Porcupine area adjoining Dome Mines to the west. Much diamond drilling and underground development have been carried out in the past on this strategically located property in an attempt to locate ore bodies, but results have been disappointing.

Present holes are being put down close to the boundary with Dome where favorable porphyry formation was cut in drilling carried out previously. Stories have been going the rounds that Dome has found ore near the Central Porcupine locality but it is not definitely known if any Dome showings have any relation to the Central Porcupine ground.

Eastward an Interesting Bet

In eastern Kirkland Lake, what might turn out to be a really interesting diamond drilling project is getting work under way at the Noranda-controlled Eastward Mines property adjoining Upper Canada Mines. After a careful survey of Upper Canada results, Noranda engineers decided that the Eastward ground should be investigated in an attempt to pick up the westward extension of the important Upper Canada zone.

That the Eastward ground is considered excellent prospecting ground is shown by the share financing that Noranda is providing. For years Noranda has owned 600,000 of 1 million outstanding shares. Now the company is purchasing a further 50,000 shares at 30 cents, 100,000 shares at 35 cents and is receiving an option on 1,349,994 shares at 40 cents to $1 a share. If the financing agreement should be fully exercised, Noranda will own 2.1 million of 2.5 million issued shares.

Beattie Broadens Work

In the Duparquet area in Quebec, a broad programme of exploration is getting under way. Beattie Gold Mines has taken two adjoining operations—Donchester Mines and Central Duparquet—under its wing and plans an extensive exploration. Some ore was proved up previously at Central Duparquet when the property was being operated as Dumico Gold Corp.

In the same area, Duquesne Mining Co. is putting down a shaft to explore a number of potential ore zones revealed by a large amount of diamond drilling carried out over a period of years. Financing of this work is being carried out chiefly by United States interests.

The shaft is to be completed to 500 ft. depth with lateral exploration to be carried out at three horizons.

Mic-Mac Has Large Tonnage

Other places in Quebec, development is progressing. Mic-Mac Mines is trying to prove up a large tonnage of low grade material in Bousquet twp. Exploration is being carried to greater depth. American Smelting and Refining interests are exploring the Partanen Malartic property. Bart Malartic is also carrying on diamond drilling in the same area next to Malartic Goldfields.

Over the Quebec border in Ontario's Larder Lake camp, Armistice will carry out diamond drilling on its property next to Kerr-Addison. Next to Beaverhouse Lake, now inactive, Avalard is drilling an interesting surface showing. In Maisonville twp., Kirkland Lake area, Wolfe Lake Gold Mines is again opening up its property at the 200-ft. level.

Steep Rock Situation

Ontario is more active in the development of new base metal operations than any other province in the Dominion. Larger scale operations at Steep Rock Lake — where large hematite ore bodies have been outlined—still hinge on permission for the diversion of the waters of Steep Rock Lake and the provision of adequate power for development proposed. Several years might be needed to bring the property into production. There has not been the tendency to look on Steep Rock as a war effort for this reason.

Nickel Offsets Sinks Shaft.

Up in Sudbury the great demand for nickel and copper is bringing greater interest in development of new properties. Nickel Offsets has purchased a mining plant and will open underground ore bodies outlined by diamond drilling. Drilling is stated to have indicated 359,603 tons of nickel-copper ore with the gross metal content of three ore shoots estimated at $6.5 millions or close to $20 a ton, even with the present relatively low price for copper.

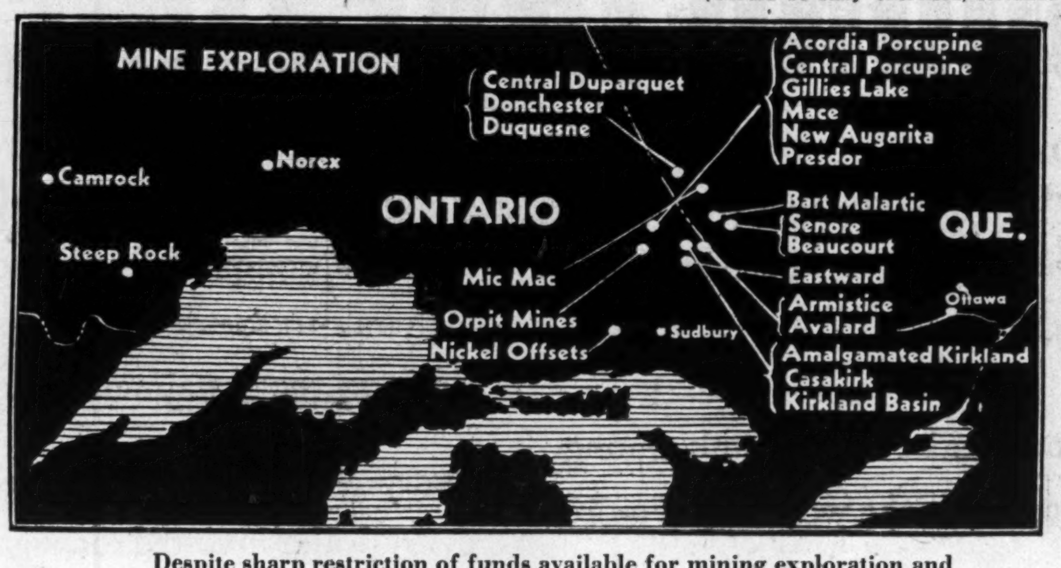
Financing of underground exploration was arranged earlier this year by an offering of rights to shareholders, altogether 236,960 shares, relatively low for a base metal operation in this stage of development.

Mercury Gold in N.W.T.

Off in the North West Territories, several properties are currently under development. Mercury Gold Mines, in an outlying sector, is stated to be a likely looking prospect. Numerous veins of a high grade character have been exposed in surface work and diamond drilling has been carried out.

Drill cores are expected to be shipped out from the Mercury property about the middle of June with assays available around the end of the month. Anticipating favorable results and realizing the importance of the time element, the company has already placed a small mining plant on the property and it is thought that prospect shafts may be used for testing further.

British Columbia is once more surveying its iron ore possibilities with the expectation that an important steel industry will be established in that province. With prospecting at a low ebb, the number of developing properties has shown a tendency to shrink. A few bright spots appear on the horizon, however, Fairview Amalgamated, for instance, has arranged finances for new development. Several mercury prospects are being investigated.



Despite sharp restriction of funds available for mining exploration and preliminary test development, considerable work in this field is still going steadily ahead in principal mining areas. Economy is the watchword. Shown here are properties in Ontario and Quebec where such operations are in progress. Similar work is under way also at the British Columbia property of Fairview Amalgamated and in the North West Territories at the Mercury Gold Mines prospect.

Mining Concentrates

Avalard Mines was forced to abandon the first hole in its current drilling campaign due to caving. A second hole is now being drilled.

* * *

Bankfield Consolidated annual meeting will be held June 12 in Toronto.

* * *

Cournor Mining Co. anticipates reduction in monthly production by about $12,000 monthly to between $35,000 and $40,000 a month with mining and milling of ore from the Beaufor shaft curtailed. According to President Gustave H. Rainville, operating profit will not be greatly changed as operating costs will be substantially lowered. Development of the creek zone north of the shaft is being continued with good success, it is stated. The 687 ore body, while not high grade, will aid materially with the Beaufor shaft shut down. Fiscal year has been changed from Jan. 31 to Dec. 31.

* * *

Delnite Mines will hold its annual meeting on June 25 at the mine office in the Porcupine area.

* * *

Duquesne Mining Co. has granted an extension of one month on all remaining installments of the option agreement of George H. Johnston. May 20 installment comprising option on 43,000 shares is now exercisable by June 30.

* * *

Eastward Mines shareholders approved a financing deal with Noranda Mines at an annual meeting last week. Details of the deal are given elsewhere. Eastward balance sheet as at April 30, 1941, shows $161 cash as against current liabilities of $1,422. Diamond drilling is to get under way immediately.

* * *

Guysborough Mines is offering rights to shareholders at 15 cents a share on the basis of two shares for each five shares now held. Funds are to allow the carrying on of further development.

* * *

Hayes Cadillac is asking shareholders to approve sale of company's Larder Lake property to Winchester Mines on June 10. They will also be asked to approve distribution of 187,650 pooled shares on the basis of one Winchester share for each 10 Hayes Cadillac.

* * *

Hasaga Gold Mines hopes to be out of debt and building up a surplus at the end of this year, shareholders were informed at the annual meeting. An internal shaft started from the 850-ft. level with an objective of 1.450 ft. is now down more than 1,250 ft. A considerable amount of low-grade ore has been developed but treatment of this has been deferred to a later date. The Gold Shore section of the property has been looked over but nothing of importance was located.

* * *

National Malartic shareholders have approved the new financing arrangements with Noranda Mines, Hollinger Consolidated, Quebec Gold Mining Corp. and E. H. Pooler.

* * *

New Augarita Porcupine Mines is stated to be encouraged by the cutting of porphyry by Preston East Dome Mines in a drill hole put out from the end of the 1,050-ft. level crosscut driven towards the New Augarita property. The porphyry cut is said to be only 150 ft. from New Augarita ground.

* * *

Noranda Mines milled 640,017 tons of ore in the first quarter of 1941 compared with 604,756 tons in the first quarter of last year.

* * *

Premier Gold Mining Co. has declared its regular quarterly dividend of 3 cents a share payable July 15, 1941, to shareholders of record June 13.

* * *

Pate Consolidated Gold Dredging has declared an interim dividend of 10 cents a share payable in Canadian funds on June 25 to shareholders of record June 4.

* * *

Pend Oreille Mines & Metals has declared an initial dividend of 6 cents a share payable in United States funds on July 28, 1941, to shareholders of record June 27. A total of $97,928 will be distributed. A considerable proportion of this American lead-zinc producer's shares are held in Canada.

* * *

Quebec Gold Mining Corp. annual meeting was routine. Reports were adopted and directors re-elected. Participations continue to be taken in new mining operations.

* * *

Sylvanite Gold Mines will hold its annual meeting on June 26 at the mine office, Kirkland Lake.

* * *

Temiskaming Mining Co. sold its property in the Cobalt area in the year ended Mar. 31, 1941, to eliminate liability for supervision, taxes, etc. Under present conditions, negotiation of a deal for further development of the Porcupine property is viewed as unlikely. Balance sheet Mar. 31, 1941, shows current assets of $114,895, including $93,802 of securities with $114,012 market value, against current liabilities of $4,847. All 2.5 million authorized shares are issued. A loss of $5,239 was realized in the year.

* * *

Sullivan Consolidated Gold Mines has authorized an increase in mill capacity by 100 to 150 tons daily. With new equipment installed it is expected between 450 and 500 tons of ore will be treated daily. Development results on the 6th to 11th levels justify the increase, it is stated.

* * *

Weldon Gold Mines states work will proceed at once on its property of 480 acres, Matachewan area, Ont. Work is to be supervised by Weldon C. Young, president.

* * *

Wood Cadillac Mines has a new president in J. E. Grant who succeeds the late F. Curzon Dobell. C. N. Knowles has been appointed director to fill the vacancy on the board.

* * *

Yama Gold Mines has secured sufficient finances from well-known mining people to ensure that the property can be brought into production, according to R. R. Murdoch, the company's president. The 75-100 ton mill is expected to be completed in about 10 weeks. It is planned to treat only the higher grade ore shoots at the present time with lower grade material left for the time the operation is expanded. While the mill is being erected, stope preparation will be carried out to ensure an adequate supply of mill feed when production commences. It is estimated that 15 to 25% of the material can be sorted out from the ore as waste before milling but the exact proportion will not be known until actual milling commences.

Mining Enquiries

East Malartic

What is the cause of the decline in the price of East Malartic shares? Would you please outline the present situation? Reports seem to be conflicting and any information you can give me will be greatly appreciated.

The decline in the price of shares of East Malartic Mines may be traced to a severe decline in production, lower profits, and the expectation that costs will be somewhat higher when production works higher as expected by officials in the near future.

Monthly output fell from a peak of $332,157 in Jan., 1940, to a low of $221,760 in Feb., 1941, recovering to $270,621 the following month.

Difficulty of controlling mining operations in a higher than average grade stope in the middle of the ore body was the chief factor in lowering production. Ore taken out recently includes a certain amount of waste which could not conveniently be sorted from the ore before milling. When the main stope became congested, ore had to be drawn from lower grade east end stopes and from surface stock piles at two old shafts.

Now the company is working in a block of new, deep levels and many new stopes will be supplying mill feed shortly. Better control will be secured over grade of ore going to the mill—dilution will be less—and methods of mining used will be safer and will give the operation a better continuity. Costs, however, will be approximately $1 a ton higher. It is too early to state just what improvement in the ore grade will take place.

East Malartic has large indicated ore reserves. At the end of 1940 reserves were estimated at 2,745,448 tons of $6.45 grade with gold at $35 before dilution. Recent recovery has been around $5.80 a ton. Development on lower levels is expected to add to ore reserves this year.

Silbak Premier

Can you give me some explanation for the current high yield on shares of Silbak Premier Mines? What is the present earnings position?

Shares of Silbak Premier Mines sell at a relatively low level when the dividend yield is considered because ore disclosures the last two years have been rather disappointing in that no new ore bodies of large size have been found. Prospecting is being continued, however, and there is still some hope that new sources of ore may be located to replace present ore bodies which are being mined out rapidly.

Ore reserves at the end of 1940 were sufficient for approximately one year's milling operations. This represented a decrease of 50% from the ore reserve figure of two years previously.

Operating profits before depletion allowance works out at approximately the same amount as is being paid in dividends each year, 16 cents a share. At the end of 1940, working capital amounted to $1.2 million or almost 50 cents a share.

Montreal's Power Bill Cut by $300,000 a Year

From Our Own Correspondent

MONTREAL.—Reduction in rates paid by City of Montreal of at least $300,000 annually, in 1941, 1942, 1943, was agreed upon by Montreal Light, Heat & Power Cons. and the city before the Public Service Board. The reduction is contingent upon the city modernizing its light system before the end of 1943.

Lucien Dugas, chairman of the board, stated the board would be ready to undertake revision of the rates at the end of June.

Cornwall Firm to Erect New Chemical Plant

MONTREAL. — Manufacture of carbon bisulphide, used in the processing of Cellophane and rayon and hitherto imported from the United States, is to be undertaken at Cornwall, by Cornwall Chemicals Ltd.

Construction of the new plant will cost approximately $300,000. General construction contract on a fixed fee basis has been awarded Fraser-Brace Engineering Co.

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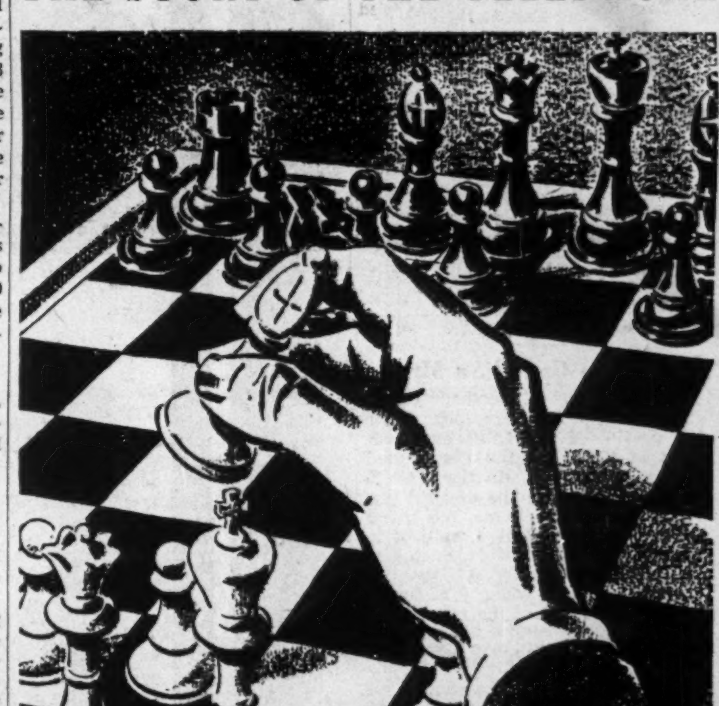

"King's Bishop to Queen's Bishop's Fourth"

● Because they thought it would be pleasant and amusing to be able to play chess, on long winter evenings, without leaving their firesides, Hugh C. Baker of Hamilton, Ont., and two of his friends—T. C. Mewburn and Charles D. Cory—had telephones installed in their homes in the autumn of 1877. This was the first time three telephones had ever been connected on one line—the first "Party Line". From this line grew the first "Central" in the British Empire—the Hamilton Exchange — opened in 1878. Today, over the coast-to-coast circuits of the Trans-Canada Telephone System, you can talk to every part of the Dominion where telephone service exists and to many foreign countries.

TRANS-CANADA TELEPHONE SYSTEM
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Edmonton Men Push Tourist Campaign

A brisk campaign to stimulate tourist interest in Alberta's national parks and other attractions has been undertaken by the Edmonton Junior Chamber of Commerce, which has enlisted in the nation-wide drive to increase the volume of U. S. tourist visitors and build up Canada's war-vital resources of U. S. dollars.

The Chamber's tourist committee is working in collaboration with city authorities, handling the city's tourist promotion and publicity in addition to the Chamber's own programme. The campaign is aimed particularly at encouraging tourists to make the "circle tour," starting at Calgary, swinging north through the big mountain national parks of Banff and Jasper over the Banff-Jasper Highway, and thence eastward to Edmonton before returning south to Calgary.

Special efforts are also being made to promote visits to the Elk Island national park with its big herd of buffalo and other wild life, only 36 miles from Edmonton. The Chamber is hopeful that increased interest in this park will lead to further development of facilities such as trails and roads, overnight accommodation and other tourist conveniences.

A map showing the circle tour and location of Elk Island Park appears on the back of the tourist courtesy cards which are being distributed to visitors through members of all junior chambers of commerce in Alberta. Extending a friendly welcome to the recipient each card carries the name and telephone numbers of a junior chamber member from whom the tourist can get information or other assistance to help him enjoy his visit to Alberta.

Company Reports

Detroit International

First annual report of Detroit International Bridge since 1937 reflects the reorganization which took effect July 1, 1939. Reorganization resulted in cancellation of nearly $20 millions in funded debt, $1.4 million of 7% preferred, leaving 207,648 shares of common as the new capitalization. Land, bridge and equipment, carried at $15 millions, were written down to $2.6 millions.

Earnings in 1940 were hit by the cutting down of traffic between U. S. and Canada to about 50% of former levels in the normally best months of the year. Improvement was shown in the last four months of the year, and higher toll rates went into effect Feb. 5, 1941.

Consol. Income and Surplus Account
Year Ended Dec. 31, 1940

	$
Gross toll revenue	275,519
Less: Oper. & admin.	139,459
Taxes (operating)	103,206
Operating profit	32,854
Add: Other income	3,457
Less: Deprec. & replace.	21,494
Net income	14,817
Add: Previous surplus	79,000
Earned surplus forward	93,817

Working Capital

	$
Current assets	373,149
Current liabilities	71,752
Working capital	301,397

Northern Canadian Mtge.

Annual report of Northern Canadian Mortgage Co., Winnipeg, shows net profits of $5,931, an improvement of $2,628 for the year ended March 31, 1941. A dividend of 25 cents per share on the 6%, $25 par value preferred shares has been declared payable July 1, subject to approval of the Foreign Exchange Control Board.

Bank loan was reduced $3,000 to $17,000 at the end of the fiscal year.

Income and Surplus Account
Years Ended March 31

	1941	1940
Receipts:	$	$
Interest (net)	7,062	7,042
Discount	361	380
Rentals (net)	27,478	22,591
Dividends	1,290	1,047
Miscellaneous	26	111
	36,217	31,171
Less expenses:		
Management	4,232	3,742
Bank int.	771	1,046
Legal fees	......	223
Depreciation	24,618	22,857
Income tax	399	......
Corporation tax	266	......
Net profit	5,931	3,303
Less: Pref. divds.	†3,227	......
Surplus for year	2,704	3,303
Add: Prev. surplus	22,337	16,985
Profit on secs.	*4	2,094
Less: Bad debts	468	45
Surplus forward	24,569	22,337

*Loss. †Proposed, subject to approval of Foreign Exchange Control Board.

Wood, Alexander & James

Continuous activity in the year ended Jan. 31, 1941, enabled Wood, Alexander & James Ltd., Hamilton, to show earnings on all classes of stock. Demands of regular customers continued to be satisfied, in addition to heavy war requirements.

Sinking fund requirements on the 6% first mortgage bonds continued to be met, and reduction of $26,500 in the amount outstanding left a balance of $91,500. At the year end, dividends on the first preferred remained in arrears $38.50 per share, and on the second preferred at $112. Dividends of 7% were paid on the first preferred, no payments being disbursed on the second issue.

Income and Surplus Account
Years Ended Jan. 31

	1941	1940
	$	$
Operating profit	198,928	117,754
Less: Directors' fees	600	600
Legal & exec. fees	24,704	19,025
Depreciation	24,301	19,194
Bond interest	6,543	8,133
Income taxes	*79,451	14,224
Net profit	63,329	56,578
Less: 1st pref. divds.	45,500	45,500
Surplus for year	17,829	11,078
Add: Prev. surplus	64,847	53,769
Surplus forward	82,676	64,847

*Including $902 applicable to prev. year.

Earnings per Share:		
First 7% pref.: Earn.	$9.74	$8.70
Paid	7.00	7.00
Second 7% pref.: Earn.	8.39	5.22
None paid.		
Common: Earned	0.46	d0.58
None paid.		

Working Capital

	$	$
Current assets	984,956	775,595
Current liabilities	369,428	167,363
Working capital	615,528	608,232

Victory Bonds

A SOUND INVESTMENT

● Every cent that was invested in Victory Bonds during the last war has been returned to the investors.

Buy Victory Bonds again! They rank among the safest investments in the world. But more than that—they are your guarantee of protection now, of security for the future, for they provide the munitions of war for the troops defending all that we hold dear in possessions, in freedom, and in our way of life.

This new loan is for the purpose of speeding the victory. You are asked to LEND your money, not to give.

Victory Bonds are a sound investment for personal, company funds or other funds. Buy all you can for cash—then subscribe to the limit on the instalment plan.

Every dollar you subscribe personally, and every dollar invested through your influence is not only a good investment, but another blow against aggression, injustice, and brute force.

HOW TO BUY

Give your order to the canvasser who calls on you. Or place it in the hands of any branch of any bank, or give it to any trust company. Or send it to your local Victory Loan Headquarters. Bonds may be bought in denominations of $50, $100, $500, $1,000 and larger. Canvasser, bank, trust company or your local Victory Loan Headquarters will be glad to give you every assistance in making out your order form.

National Committee, Victory Loan 1941, Ottawa, Canada

Help Finish the job—
BUY VICTORY BONDS!

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Municipal Finances

Brandon, Man. — Debenture-holders committee for the city of Brandon has rejected the city's amendments to the reorganization plan. The original plan called for refunding on a 4½% interest basis against the city's proposal of 4%. The original plan also called for payment in cash of 75% of arrears against which the city offered payment of 25%.

* * *

Montreal, Que.—Revenue for the fiscal year ended April 30, 1941, from sales and income levy was $652,051 higher than in the preceding twelve months. The total for the 1941 fiscal year was $7.5 millions, an increase of approximately 9.5%.

* * *

Calgary, Alta.—Sundry revenues of the city of Calgary for the four months ended April 30, 1941, amounted to $340,817, a gain of $21,511 over the corresponding period a year ago. Receipts from civic licenses are approximately $6,000 higher than last year, from tax-sale property $2,000 higher and from building permits $1,200.

* * *

Ottawa, Ontario.—Ottawa's 2 mill reduction in the 1941 tax rate may be followed by a further reduction of about 1 mill next year unless conditions show a substantial change. Drop in the mill rate reflects a decline of $277,681 in estimated expenditures to be covered by general taxes. Lower debt charges, relief expenditures, together with higher assessments and 1940 surpluses have made the reduction possible.

* * *

Winnipeg, Manitoba. — Action of the city of Winnipeg Sinking Fund has kept Winnipeg's public debt down among the lowest on the continent. At the end of 1938 the capital debt was $42.79, reduced to $37.70 by the end of 1940. The figure does not include public utility or other self-liquidating debt. Since the end of 1938 Winnipeg's public utility debt has been reduced by $2.5 millions and the floating debt has been cut $757,020.

* * *

Aylmer, Ont. — Net tax rate for 1941 of the town of Aylmer has been set at 40 mills against a rate of 39 mills last year. The higher levy has been caused by the plan to cancel the town's overdraft, meet the Board of Education deficit, and to pay the town's share of certain highway resurfacing within its limits.

* * *

Lethbridge, Alta.— Despite a rise in the public works appropriation from $60,000 to $72,000 for 1941, the city of Lethbridge general tax rate is to be reduced 2.48 mills from the 1940 figure. Reduction will bring the rate to 39.52 mills this year.

Have You Bought Your Victory Bond?

Is War the Workers' Christmas Tree?

THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

Largest Circulation of All Canadian Financial Papers

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Be Sure to Read

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The Nation's Business

Labor Situation Nears Crisis

In both the United States and Canada the problem of labor in relation to war production is reaching a state of crisis.

In both countries the public is demanding an end to strikes that sabotage the output of the tools of victory. There was overwhelming public support across the line for the action of the President in sending the army to reopen the west coast aviation plant, when it was tied up. This strike was called by a known Communist, sent by the C.I.O. to organize workers in that industry. The C.I.O. national leaders disowned its agents when public opinion rose against the strike. But C.I.O. local leaders called it and ran it.

In Canada, the threatening and calling of strikes—legal and illegal—in defense plants is only one phase of the all important problem of labor in wartime. Equally serious, equally a threat to our wartime policy of "non-inflation," is the policy of wage "appeasement" by which industries all over Canada are seeking to buy freedom from labor troubles.

* * *

There are several steps that should be taken now to call a halt to the onward march of wage inflation.

The Government must adopt a policy of acting immediately to put an end to illegal strikes. The Minister of Labor has been woefully weak in handling such situations. Strikers have defied the law, in some cases for weeks, with nothing more than timid blustering by Ottawa.

Subversive labor organizations must be brought under control. The extent of Communist influence in some of the local unions that are fomenting trouble in the ranks of war workers is as obvious here as it was in the U. S. warplane strike.

The nation's wartime labor policy, as expressed in order-in-council P.C. 7440, must be enforced. At the present time this order-in-council is little more than a pious wish. It is supposed to put a reasonable ceiling on wages; actually wages all over the country are breaking through the ceiling.

* * *

P.C. 7440 suggested that wages should not be raised above the 1926-29 level, except where they were unreasonably low.

If this wartime labor policy was to work it was essential that it be well and thoroughly explained and "sold" to industries and workers. Instead it was introduced silently and few knew of the Government's statement of policy until it has been out for many months.

If the policy was to work, it was essential, too, that the Government be firm in administering it. Once a reasonable degree of parity in wage levels had been established the Government should have frowned upon further wage increases or strike threats.

* * *

It was essential, too, that industry itself give firm support to the nation's policy of non-inflationary war policies by refusing to be bludgeoned into granting wage increases that could not be regarded as reasonable under war conditions. Too many manufacturers have followed the line of least resistance; an "appeasement" policy. Faced by demands for higher wages, or in some cases desirous of building up their own skilled personnel, they have granted unjustified increases.

The type of management fee contract granted by the Department of Munitions and Supply, while eminently sound in most respects, combined with the high excess profits taxes, had the effect of making wage increases too easy to grant to many cases.

Such a policy, of course, has contributed to making P.C. 7440 unworkable. It has contributed to defeating the desire of the Government—and of 99% of the people—to avoid touching off the inflationary spiral.

* * *

The C.I.O. and its Communist-tinged locals have been the leaders in organizing the demand for higher wage scales. The C.I.O. has only one argument in its appeals to workers in non-union plants: "Organize with us and we'll get you 10 cents an hour more." The appeal is difficult for the worker to resist.

There really is not much reason to blame the rank and file of labor for the situation.

No one has taken the trouble to explain to the workers of Canada the other side of the story.

No one has bothered to tell the man in overalls that the huge war profits that industry is supposed to be making are purely mythical, that they do not exist.

No one has bothered to tell the man in overalls that he is the one who will most acutely suffer from an inflationary rise in the cost of living, which would follow a general wage increase.

No one has bothered to tell him that the wage increases will have to come out of his own pocket—in higher taxes.

No one has bothered to tell him that, in a war of sacrifice, no man can reasonably expect to have someone else pay his war taxes for him; that the income tax, and the National Defense Tax and his payments for war Savings Certificates must come out of his own pocket; that these are his contribution to victory.

No one has bothered to tell him of the impact of the war on the farmer, on the white collar worker and on the other groups in the community who are not enjoying increased annual income.

For that matter, no one has bothered to give the workers of Canada the inspirational leadership that will marshal their spirit and determination to fight on the home front with at least as much efficiency and courage and sacrifice as are being offered freely by the men overseas.

* * *

No one should think that the workers of Canada would not respond to a national appeal to fight the war on the sound base of greater production at less cost, and of self-denial by every group in the population.

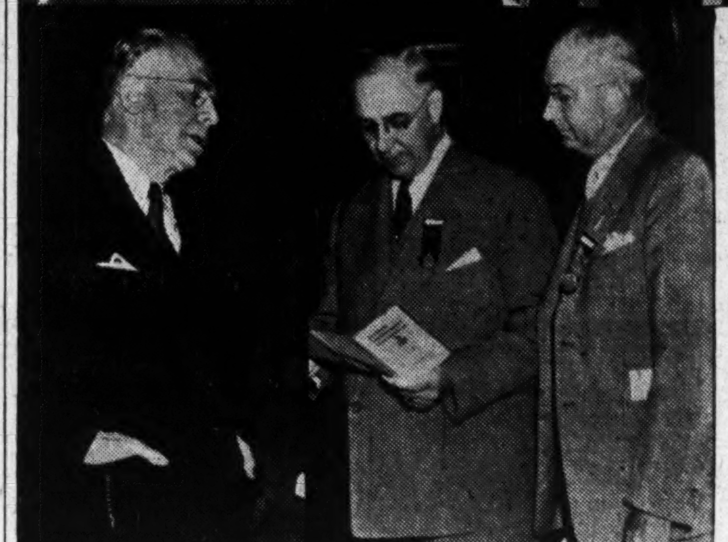
There are plenty of sensible, patriotic labor leaders in Canada who realize the facts. In private they are outspoken in their condemnation of the tactics of the C.I.O. organizers and the red-tinged inspirers of illegal strikes. One of them remarked this week: "It is important that labor realize that war is no Christmas tree."

These men are less outspoken in public than in private, which is understandable. They have a right to expect the Government itself to take the leadership in a clear-cut and resolute exposition of the realities of the labor policy that is necessary in wartime.

* * *

Ottawa scarcely appreciates what can be achieved by leadership and courageous utterance in restoring sanity to a critical labor situation. If it does not speak out, if it does not put an end to illegal strikes, if it does not call for a halt to wage "appeasement," if it does not restrain the organizing activities of union leaders who put the war second to their own ambitions, it will have no choice but to achieve the same ends later by compulsion. If wages are not stabilized by agreement between the Government, industry and workers, they will have to be stabilized by an order forbidding increases of any kind for the duration of the war.

That is the way of regimentation, of dictation. It may have to come. But why not avoid it by the more agreeable and effective method of marshalling public opinion behind the principles which **P.C. 7440 was intended to introduce and enforce?**



Gathered at the Seigniory Club, Quebec, the Canadian Manufacturers' Association held its 70th annual meeting this week.

Upper Left: E. M. Little, general manager Anglo-Canadian Pulp and Paper Mills and director Wartime Bureau of Technical Personnel.

Upper Centre: Left to right: W. D. Black, Otis-Fensom Elevator Co. of Hamilton, R. George Barclay, Chief Insurance Officer of the Unemployment Insurance Commission, Humphrey Mitchell, secretary National Labor Supply Council and A. J. Hills, chairman of the National Labor Supply Council.

Upper Right: Harold Crabtree, re-elected president of the C.M.A.

Lower left: Dr. Bryce M. Stewart, Deputy Minister of Labor, Ottawa.

Lower Right: F. M. Morton, International Harvester Co. (left) and R. W. Keeley, Bendix-Eclipse of Canada, Windsor, Ont.

Tilley Airport Report Is Critical of Ottawa

From Our Own Correspondent

OTTAWA.—Lack of care by government officials in defining work to be done, vagueness as to classification of materials to be used and "the great and unnecessary delay in concluding arrangements" were castigated by W. N. Tilley, K.C., in his one-man report after investigating work done by Arcadia Construction Co. for the Government at the Eastern Passage Airdrome at Dartmouth, N.S.

Speaking of the company Mr. Tilley said: "The contractors have done a good job. The work was well organized, was carried out efficiently and expeditiously under capable management with modern and efficient machinery."

The enquiry was instituted by the Minister of National Defense for Air. Mr. Tilley was asked to make a complete investigation, with particular attention to three points.

The Minister wanted to know if the interests of the Crown were protected in letting of contracts; whether or not the money being held back by the Treasury should be paid or whether the company itself was liable to make any refund to the Crown; and, lastly, had public interest suffered or financial position of the company benefitted by Group Captain Collard's dual position of being an officer of the company and at the same time a member of the Department.

Two contracts in particular were investigated by the Commissioner. One had to do with the grading and the other surfacing of the runways at the Eastern Passage airdrome at Dartmouth.

On the last point of the enquiry Mr. Tilley reported to the Minister: "The public interest has not suffered nor has the financial position of the company been benefitted because of Group Captain R. R. Collard's occupying a position in your department and at the same time being a director of Acadia Construction Co."

Labor is Main Theme At C. M. A. Convention

By KENNETH R. WILSON
Staff Writer, The Financial Post

SEIGNIORY CLUB, P.Q.—While their mills and plants back home ground out war production at the rate of more than $100 millions a month, chief executives of Canadian industry from coast to coast met here for three days this week to check and double-check on common wartime problems.

Nearly 400 registered at this 70th annual meeting of the Canadian Manuufacturers' Association. They stuck closely to business, eschewed golf and recreation and sat closeted together till midnight Monday, discussing this year's keynote—labor problems.

A year ago when the C.M.A. met at Winnipeg every industrial eye was turned on the log jam of missing war orders.

Today with most plants running far above rated capacity the common problems were: strikes—and how to avoid them; wage rates, labor legislation, subversive organizers, etc. There was a deep-rooted consciousness of wartime responsibility on the industrial front line.

Leading off the labor parley was Dr. Bryce M. Stewart. He subbed for Minister of Labor Hon. Norman McLarty. Mr. McLarty was "unavoidably detained" by reason of labor legislation he was piloting through the House of Commons 50 miles away.

An adjourned ten-to-midnight session decision was reached to have President Harold Crabtree proceed to Ottawa Tuesday morning for personal conference with Prime Minister King and other cabinet members to clarify government policy respecting illegal strikes, subversive agitators and enforcement of the wage-bonus order-in-council No. 7440.

Discussion among individual employers revealed unanimity that the handling of illegal strikes was a strictly Government problem and

(Continued on page 2, col. 3)

C. I. O. Drives Hard In Mine Industry

Most Determined Attack for Unionization of Vital War Industry Gets Under Way With Expert Organizers on the Job

By GORDON M. GRANT
Staff Writer, The Financial Post

KIRKLAND LAKE, ONT.—C. I. O. unionism seems to be preparing for a major showdown in Canada's northern mining industry.

Mining operators see this as a serious threat to Canada's war effort—to our present great production of gold and base metals.

For years the C. I. O. has been trying to get a foothold in eastern Canada metal mining. Today, it is nearer its goal than ever before. Labor organizers are concentrating their efforts in the Kirkland Lake camp but mining people see this as just the first step to organizing both gold and base metal camps—if organizers continue to make the headway of recent weeks.

About a month ago hardly 100 men attended the C. I. O. meetings in Kirkland Lake. Inside the short space of three weeks, 75% of the camp has been organized, one mine manager estimates. And more men are being added to union strength daily.

There is a growing belief that intimidation has played a major role in the rapid growth of the Kirkland Lake union movement. A number of mine managers report that some of their men have been told to join the union now or they won't have a job later on. "If you join now, it only costs $3. If you wait till later, it will cost $30—if you are allowed to join at all."

The arguments advanced why men should join the union lack nothing in boldness. Men are told that when the mines are unionized the Government will take them over from the operators and union operating committees will run them then. The case of the National Steel Car Corp. plant in Hamilton, put under a Government controller to end a strike, is cited as a sample of what is coming.

Mine operators are finding it difficult to handle the situation at the present time. As one mine manager says: "It looks as if the men are being built up to strike a great blow for Hitler."

Many Enlistments

The work of the union operators has been simplified by the departure of an estimated 1,800 native-born miners to join the colors. Foreign-born miners remaining behind are said to listen more readily to someone who suggests a pay increase later on. Even the men who don't want to join a union find it hard to stay out. It is more than the

(Continued on page 2, col. 5)

Railworkers Denied New Wage Demands

From Our Own Correspondent

OTTAWA.—Only railway workers earning $25 a week and less will be eligible to receive a cost-of-living wage bonus, unless the majority of the railway wage conciliation board is revised or overrated, The Financial Post is informed.

The award has not been announced as yet. But it finds against the application of some 130,000 organized railway workers for a cost-of-living wage bonus applying to the entire transportation system. Such a bonus would have cost the two railways about $8 or $9 millions annually.

The modified award for rail employees in the lower wage bracket will cost considerably less than this —possibly not more than $5 millions. If accepted and approved it will mean a payment of about $1.90 per week for all rail workers earning $25 a week or less.

Failure of this board to grant railway employees the full amount which they are claiming under Order-in-Council 7440 is expected to have wide repercussions not only in the rail transport field but in the attitude of all labor organizations toward the cost-of-living bonus plan as set forward in Order-in-Council.

It is generally understood that railway workers in Canada were on the point of asking a 10% increase in wage rates prior to the introduction of Order-in-Council 7440

If Canada's 130,000 rail workers refuse to accept the impending conciliation award a labor crisis of the first magnitude may possibly be precipitated.

The rail workers feel they are at

(Continued on page 2, col 1)

Japanese Wheat Sale Is "Diplomatic" Issue

From Our Own Correspondent

OTTAWA.—Though official confirmation is withheld it is generally presumed that Canada's recent action in permitting export of 500,000 bushels of wheat to Japan was approved previously by both Washington and London. The policy is in keeping with the continuance of oil shipments from the Netherlands East Indies.

That policy, which seems to have met no official opposition from either the United States or British Governments, is based apparently on the assumption that it is not wise at this juncture to risk an open break with Japan. Rather than summarily cutting off all exports, these are being reduced and restricted by every legal means possible. In no case, it is said, have any shipments been substantial enough to permit the accumulation of war reserves, nor if transshipped to Germany, to affect the outcome of the war.

Officially, the Canadian Government has denied that as charged in the House of Commons any "international and Jewish" firms were involved in the recent transaction. The deal, it is stated, was negotiated entirely through the Canadian Grain Export Co., headed by Robert McKee, of Vancouver. It was arranged some weeks before the introduction of the present export permit system adopted last January, but because boats were not available shipments did not commence until recently. Since the system of permits none have been issued for wheat export to Japan.

* * *

Vancouver View

From Our Own Correspondent

VANCOUVER. — Grain men in Vancouver say that the wheat shipped from this port to the Orient recently is of such a low grade that it was virtually unsaleable except in the Orient and that its quality, coupled with the bulky nature of

(Continued on page 2, col. 4)

The War And Business . . A Weekly Round-up

U.S.-Canada Co-ordination

Although appointed less than three weeks ago apparently the Canadian-American committee for co-ordinating the supplies of war raw materials of the two countries is already at work. There has been a remarkable similarity to the orders coming out of Washington and Ottawa in respect to conservation of potential war materials. Take steel for example.

Steel of all types in the United States has been placed under priorities control. In Canada all orders on the books of pig iron producers have been ordered cancelled and new orders must now be routed through the Steel Controller for approval. The latter will be given on the following preference basis:

First—War work.

Second—Transportation systems, mining and oil industries and public utilities.

Third—Agricultural implements, pulp and paper and lumber industries.

Fourth—Industries not otherwise classified.

* * *

Oil Shuffle

Another instance of the new co-operation is furnished by oil. Motorists and oil furnace owners were startled the other day to hear rumors of impending shortages. Hardly had the scare started in Canada before the same predicament loomed in the eastern half of the United States. Officials admitted that there is still plenty of oil in sight for all purposes, but what is worrying them is the boats or pipe lines to bring it to the large consuming centres.

* * *

Americans Help Loan

The Victory Loan campaign has brought large amounts of friendly U. S. capital to Canada.

In view of the Neutrality Act, forbidding Americans to subscribe to war loans of belligerents, this may seem a strange statement. But it is true.

The neutrality law does not forbid purchase of already issued securities. Many U. S. companies and individuals, with interests in Canada, have shown their good-will in the past two weeks by offering to buy "Canadian-pay" issues.

In almost all cases the American investors have bought the bonds in Canada, sending up American dollars for the purpose. If they had bought the bonds from other U. S. holders it would have brought no capital to Canada to aid our war effort.

One Canadian company that is conducting a bond-selling campaign among its employees, received the first three subscriptions from men in its Chicago office.

* * *

No Lotteries

Every so often the question of national lotteries to help finance the war effort pops into the newspaper headlines. There may be some who still think it possible for the Dominion to sponsor such a scheme, but Ottawa has definitely set its face against any such proposal. Legislation now on the books outlaws lotteries and the Government has no intention of making a change.

* * *

Seaway Start in Spring

Prime Minister King announced in the House this week the Government would not bring down any further legislation. This means the St. Lawrence Waterway agreement will not be considered at present sitting of Parliament. There was always a slim chance the House would not adjourn until after it had passed on the agreement.

While parliamentary action is not expected immediately, the waterways question is not lying dormant. Government officials at Ottawa are devoting considerable time to cleaning up "tag ends" so that as soon as Congress and Parliament have approved the agreement, no time will be lost in starting work on the International Section. At the best, however, it is not expected actual work will start until next spring. By that time the defense building programme will be more or less completed and a plentiful supply of labor assured.

* * *

Whip Subs?

The submarine menace will soon be whipped, Charles F. Kettering, General Motor's research chief, stated this week. He intimated that a better detector apparatus is now being perfected which will locate subs on the surface when they are stalking a convoy in preparation for a dawn attack.

Defeat of the submarine in this war, it is estimated, would cut present shipping losses 40%. Out of every 10 ships sunk so far it is believed that submarines have accounted for four, bombing airplanes four, mines one, and surface raiders for one.

Kettering also intimated that new and much faster submarine engines for surface travel were now being installed in United States craft which would give them an advantage of 7 to 9 knots an hour over other nations' submersibles and would permit them to travel with the other units of any fleet.

* * *

Whip Hand Over Vichy

Trump card held by Roosevelt in his dealings with Vichy is recognition. Washington can at any time withdraw this recognition and transfer it to de Gaulle. This would be a staggering blow to Petain and his advisors. Automatically it would put at de Gaulle's disposal the several billions of dollars of frozen French credits in the United States and thus give the Free-French movement huge financial backing and an immediate flow of war supplies. Recognition of de Gaulle would also permit a treaty arrangement for American occupation of Martinique and other French possessions in this hemisphere perhaps also of Dakar.

* * *

Spain, Portugal Next?

Official order to U. S. private industry, that all stocks of cork must be set aside this week as a reserve under government control, is interpreted by some American papers as an definite indication that Washington expects Spain and Portugal to be overrun by Hitler anytime now. Practically all stocks of cork come from the two countries mentioned. Cork is a major product used in high class insulation and for elimination of vibration.

* * *

Sees U. S. Armament Crisis

President Roosevelt is face to face with an armament production crisis, writes Arthur Sears Henning from Washington in the Chicago Tribune. The latter paper, it should be remembered, is strongly Republican and has been increasingly hostile to Roosevelt's policy of throwing the full weight of the United States against Germany.

Henning declares that United States armament production is lagging far behind schedule and that the real bottleneck in production is Washington. He claims that airplane output is running only about 60% of schedule, that both the Navy and War Departments have been accused of amateurishness in designs of guns and other military material. Designs, he reports, are changed frequently after contracts are let and even after the beginning of production, thus causing delays.

Henning reports that the production of small anti-aircraft guns has only begun and that only four of the larger anti-aircraft guns have been turned out. Quantity production, he says, is not promised before 1942. More seriously, he claims that both anti-aircraft and anti-tank guns scheduled for major production in the United States, are criticized by the British as being not powerful enough to cope with present German equipment.

* * *

Advertising

Rumors to the contrary, we are assured by our Ottawa correspondent that there is no regulation or orders-in-council having to do with advertising as it applies to the excess profits tax act. The Canadian Government is one of the largest buyers of advertising space in the country and apparently realizing its importance has put nothing in the way of normal appropriations.

Decision is up to the local tax inspector and in the case of a company with a "depressed industry" record the best thing to do would be for the management to draw up a schedule and talk it over with the inspector for his district. Anything reasonable in relation to the volume of business would no doubt be allowed.

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Milestones

War production developments during the past week include the opening of the first fuse filling plant in Canada with full production scheduled two months hence . . . . . Production of the first naval mounting for a twin anti-aircraft machine gun . . . . . War contracts awarded for week ended May 30 totalled $16.4 millions . . . . . Announcement by H. R. MacMillan that merchant ships are now being factory-made in Canada and assembled in shipyards and that . . . . by end of 1942, 80 or more 9,300-ton merchant ships will have been built . . . . . Announcement by Hon. C. D. Howe that sharp curtailment of petroleum products probable . . . . . That Canada has produced its first 25-pounder field gun with "considerable" production anticipated before end of June . . . . . That first consignment of two-pounder guns has been shipped overseas . . . . . And that before the end of June first Canadian-made cruiser tank will be off assembly line.

Small Savers Rally To Buy Victory Loan

From certain angles, it's already Canada's biggest loan.

Figures on Ontario, for example, show more subscribers and a greater dollar volume than the 1919 loan, which totalled $678 millions. Number of subscribers across the Dominion is now ahead of the combined First and Second War Loans and dollar volume is well above that achieved in the Second Loan in a longer selling period.

But the important fact, as evidence of successful management and publicity, is that the small investor is, for the first time, lending on a scale comparable with larger bond buyers. On the general canvass, the average subscription across the Dominion is about $450. In many districts it is lower. One metropolitan district reports an average just under $300. This in spite of the fact that the district contains a large number of small manufacturing companies which have taken $5,000 to $15,000 or more.

As indicated previously in The Financial Post, there is no sign that the offering of two maturities has led to preponderant buying of the short-term issue. To date, about $1 in $6 has come from sale of the shorts, the longer-term issue apparently finding favor with the large as well as the small investor since considerably more than one dollar in six is coming from the big fellow on the total.

The halfway mark may be passed, but district organizers don't sub-

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